DOCUMENT RESUME

ED 328 718 CE 056 882

AUTHOR	Vaughan, Ellen C.; Elliott, Ronald T.
TITLE	South Carolina Guide for Small Business Management.
INSTITUTION	South Carolina State Dept. of Education, Columbia. Office of Vocational Education.
PUB DATE	90
NOTE	311p.
PUB TYPE	Guides - Classroom Use - Teaching Guides (For Teacher) (052)
EDRS PRICE	MF01/PC13 Plus Postage.
DESCRIPTORS	Affective Objectives; Behavioral Objectives; *Business Administration; *Business Administration Education; *Competency Based Education; Entrepreneurship; High Schools; Management Information Systems; Marketing; Merchandising; Money Management; Personnel Management; Postsecondary Education; Psychomotor Skills; *Self Employment; *Small Businesses; Thinking Skills
IDENTIFIERS	South Carolina

ABSTRACT

This guide for small business management in South Carolina addresses the three domains of learning: psychomotor, cognitive, and affective. The guide contains suggestions for specific classroom activities for each domain. Each of the 11 units or tasks in the guide contains a competency statement followed by performance objectives, job-relevant instructional activities, instructional material resources, and evaluation standards. The 11 units are: (1) management functions; (2) marketing mix; (3) organization for marketing; (4) managing the marketing plan; (5) financial management; (6) personnel management; (7) management information systems; (8) management of merchandise; (9) management of sales and promotion; (10) managing customer relations; and (11) entrepreneurship. Two appendices contain a 16-item bibliography and definitions of terms. (NLA)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

CE

ED328718

SOUTH CAROLINA
GUIDE
FOR
SMALL BUSINESS MANAGEMENT

Prepared by

Ellen C. Vaughan
State Supervisor, Marketing Education

Ronald T. Elliott
Project Coordinator

SOUTH CAROLINA DEPARTMENT OF EDUCATION

Dr. Charlie G. Williams
State Superintendent of Education

Sidney B. Cooper, Deputy Superintendent
Division of Instruction

Dr. Moody Oswald, Director
Office of Vocational Education

South Carolina Department of Education: An Equal Opportunity Agency
Columbia, South Carolina 29201

Copyright 1990

CE056882

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

E.L. Knight

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

ACKNOWLEDGMENTS

The Guide was developed to encompass instruction in this important small business management area. We appreciate the contributions of each committee member toward producing a guide that can be used in our state classrooms.

The teachers providing the content and technical assistance for this guide are:

Gertrude Murray
Lynhaven Career
Center

Martha Smith
Strom Thurmond
High School

Pandra Warren
Lexington Area
Vocational Center

Brenda Walters
Irmo-Chapin Career
Center

Norma Lynn
Irmo-Chapin Career
Center

The South Carolina Department of Education Staff providing assistance and guidance are:

Amy McCaskill
Editor

Shirley S. Cullen
Sex Equity Consultant

Barbara Richardson
Word Processor

Linda Gordon
Word Processor

The teachers who provided assistance in the field review of this guide are:

T. L. Lee
Midland Valley High School
Langley, S. C.

Sondra Jackson
Fairfield County Vocational Center
Winnsboro, S. C.

L. K. Platt
Macedonia High School
Moncks Corner, S. C.

J. R. Britt
West Florence High School
Florence, S. C.

J. D. Seiler
North Charleston High School
North Charleston, S. C.

Marlene Cusaac
Lee County Area Vocational Center
Bishopville, S. C.

D. S. Steele
Chester Vocational Center
Chester, S. C.

John W. Epting
Newberry County Vocational Center
Newberry, S. C.

James. P. Toal
Wilson Vocational Center
Columbia, S. C.

Edgar Durant
Sumter High School
Sumter, S. C.

Lisa C. Carlton
Chapman High School
Inman, S. C.

TABLE OF CONTENTS

ACKNOWLEDGMENTS ii

INTRODUCTION 1

USE OF THIS GUIDE 2

PERFORMANCE OBJECTIVES

MANAGEMENT FUNCTIONS

Define management. 5
Explain the role of management in operating a business. 9
Develop the company philosophy, goals, and objectives. 13
State the purposes of forecasting and selecting marketing strategies. 19
Planning and organizing work. 23
Develop short-term action plans. 29
Describe the importance of performance measurements and record keeping. 37
State the importance of keeping informed of developments and trends which will affect present and future operations. 43
State the importance of thinking ahead and planning for emergencies that might arise. 47
Training and development of people. 51
Develop and maintain good customer relations. 57

MARKETING MIX

Identify the importance of having the right product. 65
Identify the importance of having the product at the right place. 71
Identify the importance of having the product with the right promotion. 75
Identify the importance of having the product at the right price. 79

ORGANIZATION FOR MARKETING

List the principles and processes of planning. 85
Identify the steps to plan and organize work. 89
State the importance of forecasting future sales in planning for budgets and scheduling work. 95
Identify how to set selling goals. 99
Identify ways to organize the sales staff. 103
State the importance of job definition and delegation of authority. 109
Identify the role of the supervisor. 113
Identify the importance of communication and leadership styles. 117
State the purpose of management by objectives. 123

MANAGING THE MARKETING PLAN

State the nature of marketing planning. 129
Explain the concept of marketing strategies. 135
Identify target markets. 141

FINANCIAL MANAGEMENT

Identify the nature of budgets. 147
Prepare and interpret necessary reports for profit and loss statements. 151
Compute accurate records and reports. 155
Compute accurate taxes and reports 159
Identify available cost reduction techniques. 163
Identify that seemingly small savings in some expense areas can mean a substantial gain in profits. 167

PERSONNEL MANAGEMENT

Identify functions of personnel management 173
Identify the relationship between job satisfaction and productivity. 177
Identify how to interview and select potential employees, obtaining all necessary data and offering them information concerning the business. 181
State the importance of carefully selecting and placing employees in jobs which they are physically, mentally and emotionally equipped to perform. 187
State that attention must be paid to labor legislation which regulates wages, hours, the hiring of minors, and health examinations. 191

MANAGEMENT INFORMATION SYSTEMS

Identify and use types of records needed for business operations. 197
Identify methods of filing and information retrieval. 201
Discuss the importance of inventory control. 205
Compare operational results to forecasted budget. 209

MANAGEMENT OF MERCHANDISE

List factors used to select appropriate products. 215
Prepare a merchandise/buying plan. 219
Maintain vendor information and select appropriate vendors. 225
Determine selling price. 229
State why it is necessary to maintain sales records for past years. 233
State the importance of keeping informed of merchandising trends. 237

MANAGEMENT OF SALES AND PROMOTIONS

Describe the selling function. 243
Describe the promotion function. 247
State the relationship of sales and promotion. 251
List how to plan for special events and public relations activities. 255
State the importance of maintaining a check on competitors' promotions. 259

MANAGING CUSTOMER RELATIONS

State that attractive facilities help meet competition, encourage one-stop shopping, and attract customers. 265
State that special customer services and accommodations build good will and help increase sales. 269
Identify and use acceptable techniques in handling customer complaints. 273
Identify that although price is an important reason for starting to trade at a store location, quality, variety, and human relations encourage continued trading. 277

ENTREPRENEURSHIP

Define entrepreneurship. 283
List the personal qualities and skills needed to be a successful entrepreneur. 247
List the costs that must be considered when starting a business. 293
Select the best location and layout for a business. 297
Identify the factors in failure and success. 301
Identify cooperative arrangements: franchise and investments. 305
Describe the legal forms of retail businesses. 309
Define and list advantages and disadvantages of small business 313

APPENDICES

Appendix A: Bibliography 321
Appendix B: Definitions of Terms 325

INTRODUCTION

This Guide addresses the three domains of learning: psychomotor, cognitive, and affective. The following is a brief explanation of each.

Psychomotor

Manipulative skills, such as sharpening a pencil and making a bulletin board display, are representative of activities that are psychomotor in nature. These tasks are identified by a group of teachers. Each performance objective has a performance standard which must be met to demonstrate student proficiency in the manipulative aspect of the task.

Cognitive

Cognition is the mental process by which knowledge is acquired. To perform psychomotor tasks, students must think. Effective thinking is necessary for successful performance of job tasks. Students gain cognition through real and vicarious experiences. This guide enables the instructor to provide decision-making opportunities for students, thus developing their cognitive skills.

Affective

The affective domain deals with attitudes, interests and values development. Desirable behavior is the learning outcome of the affective domain. This guide presents activities created to promote an understanding of self and others in a working environment. The instructor is encouraged to use the activities to stress how attitudes, values, and goal attainment influence working relationships and productivity.

USE OF THIS GUIDE

This Small Business Management Guide is designed to provide job-relevant tasks, performance objectives, performance guides, resources, teaching activities, evaluation standards, and criterion-referenced measures. It may be used with any teaching method the instructor selects. Although a guide contains suggestions for specific classroom activities for each identified task, teachers are encouraged to be creative in adapting the material to meet the particular needs of their students.

MANAGEMENT FUNCTIONS

Define management.

Explain the role of management in operating a business.

Develop the company philosophy, goals, and objectives.

State the purposes of forecasting and selecting marketing strategies.

Planning and organizing work.

Develop short-term action plans.

Describe the importance of performance measurements and record keeping.

State the importance of keeping informed of developments and trends which will affect present and future operations.

State the importance of thinking ahead and planning for emergencies that might arise.

Training and development of people.

Develop and maintain good customer relations.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Define management.

PERFORMANCE OBJECTIVE

Following class discussion, the student should be able to define management as the process of accomplishing the goals of an organization through the effective use of people and other resources.

INSTRUCTIONAL ACTIVITIES

1. Have students read the Information Sheet. (Handout #1)
2. Review and discuss the contents of the information sheet, emphasizing the definition of management and the differences between managerial and non-managerial responsibilities.
3. Have students complete the Activity Sheet. (Handout #2)
4. Review and discuss answers to the exercise on the Activity Sheet.
5. Invite a store manager to the class to speak on the responsibilities of management.

INSTRUCTIONAL MATERIALS/RESOURCES

Burke and Bittel. **Introduction to Management Practices**, p. 10.
Everard and Burrow. **Business Principles and Management**, 8th edition, Chapter 1.

EVALUATION

The student will write a definition of management to include the process of accomplishing the goals of an organization through the effective use of people and other resources.

COMPETENCY

Define *management*.

INFORMATION SHEET

The word *management* is used to mean the group of persons called executives who perform management activities. Management is defined as the process of accomplishing the goals of an organization through the effective use of people and other resources. Other resources include money, buildings, materials, and equipment.

By setting goals, determining which combinations of resources are needed to meet the goals, and then seeking the assistance of others in the organization, more work is accomplished.

Generally, organizations have work that is managerial and non-managerial. Managerial work involves planning and coordinating the work load for non-managerial workers. Non-managerial work is best described as work that directly produces goods or services. An employee making pastry dough or addressing an envelope is performing a non-managerial activity. On the other hand, an employee who is developing standards for the pastry dough to meet or making a request for the addressed envelope is performing a managerial activity. Large organizations have several management divisions to perform managerial responsibilities. The following are examples.

a.	Finance	the management of money and other assets.
b.	Accounting	the bookkeeping methods involved in making a financial record of business transactions and preparing statements concerning the assets, liabilities, and operating results of business.
c.	Personnel	an administrative division of an organization concerned with the body of persons employed by or active in it.
d.	Production	the creation of value or wealth by producing goods and services.
e.	Operations	the agency of a business organization that carries out planning and operating functions on an executive level.

COMPETENCY

Define *management*.

QUESTIONS

1. The term *management* is best defined by which of the following statements?
    - a. The process of reaching the goals of an organization through the effective use of people and resources.
    - b. The process of producing goods and services for distribution.
    - c. The process of reaching the goals of the organization by testing the quality of the organization's product.
    - d. The process of monitoring for the organization and the effective use of capital.

2. Which of the following is NOT a common division of management?
    - a. Personnel
    - b. Accounting
    - c. Committees
    - d. Production

Answers

1. a.
2. c.

COMPETENCY

Define *management*.

INSTRUCTIONAL ACTIVITY

Read the following statements. In the blank space beside each statement, write **'M'** if the activity is managerial or the letter **'N'** if it is a non-managerial activity

______ 1. Setting goals for the organization.

______ 2. Repairing a flat tire in a garage.

______ 3. Hiring company employees.

______ 4. Demonstrating vacuum cleaner features for customers.

______ 5. Processing data for the computer.

______ 6. Taking phone orders for merchandise.

______ 7. Coordinating the work of the accounting division.

______ 8. Sewing the sleeves in a garment.

______ 9. Typing a memo.

______ 10. Reviewing the organization's balance sheet.

Answers

1. M
2. N
3. M
4. N
5. N
6. N
7. M
8. N
9. N
10. M

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Explain the role of management in operating a business.

PERFORMANCE OBJECTIVE

The student will be able to explain the role of management as it relates to planning, controlling, organizing, and leading.

INSTRUCTIONAL ACTIVITIES

1. Introduce the topic by brainstorming. Have students write five sentences expressing their opinions of management's role in operating a business.
2. Group students; have them select a leader. After a discussion, have each group select five of the previously written sentences which best describe management's role in operating a business.
3. Ask each leader to make an oral report. After each report, discuss and explain each group's response.
4. Have student read the Information Sheet and complete the Student Activity.
5. Have student interview a store manager and write a one page report describing the role of management in operating a business.

INSTRUCTIONAL MATERIAL/RESOURCES

Burke and Bittel. **Introduction to Management Practices,** Chapter 1.
Everard and Burrow. **Business Principles and Management**, 8th edition, Chapter 1.

EVALUATION

The student will explain in writing the role of management as it relates to (1) planning, (2) organizing (3) leading, and (4) controlling.

COMPETENCY

Explain the role of management in operating a business.

INFORMATION SHEET

During the early years of American business history, a business could function without an exact plan for operation. But today with increased competition, managers make varied decisions based on carefully selected goals. Since management is responsible for the overall successful operation of the company, specific duties are difficult to assign. Consequently, the role of management is more easily explained by classifying these duties into functions. The four functions of management are planning, organizing, leading, and controlling. Each function is related and often overlaps with the other. As a result, management is a continuous two-way process as depicted in the following model.

Management Model

Planning	Organizing
Controlling	Leading

Planning

Planning refers to setting goals and determining how to meet these goals. Planning is the first and most important function of management. Basic tools used in planning are budgets, schedules, standards, policies, and procedures.

Organizing

Organizing involves arranging resources and relationships between departments and employees, and defining the responsibility each has for accomplishing a job. An organization chart is an example of an organizational function. The organizational function describes how people will work together.

Leading

Leading involves training and guiding employees in carrying out the plans of the organization. It is the role of management to motivate workers to achieve goals. Since most workers are interested in personal goals and not the goals of the organization, effective management will set goals that will allow the worker to meet personal goals while meeting the goals of the organization.

Controlling

The controlling function involves determining whether goals are being met and correcting actions if goals are not being met. Controlling takes place after the other functions have been implemented. It is the final process in the management model. The control process consists of three parts: setting standards, comparing actual standards with planned standards, and taking corrective actions if the standards are not met.

COMPETENCY

Explain the role of management in operating a business.

QUESTIONS

1. The process of comparing standards applies to which of the following management functions?

   a. Planning
   b. Controlling
   c. Leading
   d. Organizing

2. Marketing management is NOT responsible for which of the following activities within a business?

   a. Obtaining and arranging resources for employees.
   b. Helping employees obtain transportation.
   c. Developing policies and procedures.
   d. Setting goals and objectives.

Answers

1. b.
2. b.

COMPETENCY

Explain the role of management in operating a business.

INSTRUCTIONAL ACTIVITY

Read the following statements. In the blank space beside each statement, write the name of the management function which best matches the statement.

Management Functions

(a) planning (b) organizing (c) leading (d) controlling

1. __________ preparing a sales budget for the next six months.
2. __________ demonstrating new safety procedures.
3. __________ analyzing sales records.
4. __________ analyzing inventory records.
5. __________ hiring a sales staff.
6. __________ preparing to renovate the store.
7. __________ determining the most profitable lines.
8. __________ reviewing the store's current division of labor.
9. __________ establishing additional store sites.
10. __________ conducting a training session for employees.

Answers

1. planning
2. leading
3. controlling
4. controlling
5. organizing
6. planning
7. organizing
8. organizing
9. planning
10. leading

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Develop the company philosophy, goals, and objectives.

PERFORMANCE OBJECTIVE

Given an explanation and examples, the student will be able to write the company philosophy, goals, and objectives as they relate to the beliefs and future of the company.

INSTRUCTIONAL ACTIVITIES

1. Ask students to define a philosophy and give examples of a company's philosophy, goals, and objectives. Discuss each example.
2. Have students read Information Sheets 1, 2, and 3 and discuss in class.
3. Assign students to small groups. Have them simulate top management in an organization, and assign each group to develop the company philosophy, goals, and objectives.
4. Have each group read its philosophy, goals, and objectives to the class. Discuss each.
5. Assign student to select a business of his or her choice and to write the philosophy, goals, and objectives for the selected business.

INSTRUCTIONAL MATERIALS/RESOURCES

Burke and Bittel. **Introduction to Management Practice**, Chapter 2.
Gillespie and Hecht. **Retail Business Management**, Chapter 3.

EVALUATION

The student will compose and write a company's philosophy, goals, and objectives as they relate to the beliefs and future of the organization.

COMPETENCY

Develop the company philosophy, goals, and objectives.

INFORMATION SHEET

#1 Characteristics of a Business Philosophy

A business philosophy should be the following:

1. brief;
2. general;
3. when possible, include the business tagline;
4. written and displayed in the store.

Discuss in class the following business philosophy: "We dedicate ourselves to keeping our customers happy." We may infer that happy employees make happy customers. Consequently, philosophies such as this one serve as a foundation for developing policies in many businesses and stores. They usually deal with such topics as the services to be provided for customers, the public relations to be achieved, and the treatment to be afforded employees.

#2 Characteristics of Goals

Goals are general or overall statements for indicating the direction in which the organization plans to aim. These general statements are divided into subgoals. These subgoals become objectives. General or overall goals are made for the organization as a whole. From the organization's goals, each department within an organization develops its goals. Review the following examples:

Organization's Goal: To improve the image of the store.

Public Relations Department's Goal: Improve the image of the store by increasing community awareness.

Accounting Goal: Provide funds to improve the image of the store.

In general, goals of a business should be written to allow flexibility and realistic attainment.

INFORMATION SHEET continued

#3 Characteristics of Objectives

Objectives are the specific aims of the organization. Each division within an organization must have clear measurable objectives. The organization objectives specifically identify the action to be taken, who is taking the action, and when the action is to be taken. Review the example in the section headed "Characteristics of a goal." The goal, "to improve the image of the organization," would have objectives such as these:

Objective of the Public Relations Department: Director will meet with local civic organizations next week.

Objective of the Accounting Department: Chief Financial Officer will provide donations for civic charities as specified by the public relations meeting with civic groups next week.

COMPETENCY

Develop the company philosophy, goals, and objectives.

INSTRUCTIONAL ACTIVITY

The objective of this project is to give you some experience in the decision making necessary for marketing products. Assume you are an assistant in the marketing department of a sportswear manufacturer. This manufacturer is seeking to increase its market share by introducing a new designer T-shirt for people aged 18 to 34. You have been appointed product manager for this new item. You will work with various departments throughout the company to develop the product, but you will be in charge of marketing it.

Questions to answer:

1. What will be your overall goals? Describe them.

2. What specific objectives will you develop to support your overall goals? Discuss them.

3. How will you translate these specific marketing objectives into job tasks? Describe your strategy.

COMPETENCY

Develop the company philosophy, goals, and objectives.

QUESTIONS

1. An organization will have

   a. no goals except those established by environmental influences.
   b. an overall goal and more detailed subgoals (objectives) to support the general goal.
   c. specific operating day-to-day goals.
   d. no goals but several objectives to support the manager's beliefs.

2. The set of basic morals and beliefs by which an organization operates is called its

   a. goals.
   b. objectives.
   c. philosophy.
   d. ethics.

Answers

1. b.
2. c.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

State the purposes of forecasting and selecting marketing strategies.

PERFORMANCE OBJECTIVES

The student will be able to state the purposes of forecasting and selecting marketing strategies as they relate to the future plans of the organization.

INSTRUCTIONAL ACTIVITIES

1. Provide background information through lecture. Give examples of forecasting and marketing strategies.
2. Have student read the Information Sheet. Discuss key points.
3. Group students and have them read the case study. Discuss their responses.
4. Have each student identify a product that he or she would like to sell and write two or three paragraphs explaining how he or she plans to sell the product over the next 6 months and to whom. Also, identify strategies to be used.
5. Have student prepare a questionnaire and interview an organization's manager to determine the organization's future plans and marketing strategies.

INSTRUCTIONAL MATERIALS/RESOURCES

Burke and Bittel. **Introduction to Management Practice**, Chapter 7.
Everard and Burrow. **Business Principles and Management**, 8th edition, Chapter 4.

EVALUATION

The student will explain in writing the purposes of forecasting and selecting marketing strategies as they relate to the future plans of the organization.

COMPETENCY

State the purposes of forecasting and of selecting marketing strategies.

INFORMATION SHEET

Forecasting means looking ahead anticipating opportunities and barriers and planning with certain assumptions about the future. Once forecasts are made, organizations may select or create the appropriate marketing strategies. Marketing strategy is best described as the skillful manner in which an organization chooses to market its goods and services and distinguish itself in the marketplace.

The purpose of forecasting and selecting marketing strategies is to provide the organization with information with which to make plans for future sales and the total operation of the organization. Before making predictions about the future, organizations rely heavily on certain factors such as sales records strategies used by the competition, market research, and environmental considerations. The first important factor is sales records, which provide a wealth of information to an organization. Almost all of the organization's activities can be analyzed by reviewing sales records. For example, if sales were particularly high in January, the organization should find out why and repeat these strategies the following January. On the other hand, if sales were particularly low, organizations would not wish to repeat last January's strategies. The second most important factor is the completion. All organizations should learn as much about the competition as possible. Before forecasting and selecting strategies, a well-managed organization will seek to find what predictions competitors have made. How do the competitors plan to market their goods? What is the competitor's share of the market?

The third most important consideration to make is market research findings. These findings aid in forecasting and selecting marketing strategies by serving as a standard and control system and as a basis for sound decision making. Market research answers many questions for the organization such as:

What new or different things should the organization be doing?

How is the organization doing?

What are the best solutions to the organization's problem?

Market research may be as simple as a survey completed by store personnel and as complex as employing a consulting firm to conduct a series of activities. Many small organizations, however, seldom if ever conduct research activities. These organizations function quite well by reading information reported in trade journals. The fourth most important consideration to be made before planning for the future is change in environmental influences. These influences are categorized as economic, psychological, and sociological. These influences may present barriers as well as opportunities to the future development of the organization.

COMPETENCY

State the purposes of forecasting and selecting marketing strategies.

QUESTIONS

1. Of the following, the report that would be most likely to depend on a forecast is one on

   a. employee absences.
   b. employee promotions.
   c. past sales.
   d. planned sales.

2. One company sells door-to-door, another sells on the party plan. Of the following strategies, which is obviously different?

   a. marketing
   b. branding
   c. pricing
   d. advertising

Answers

1. d.
2. a.

COMPETENCY

State the purposes of forecasting and selecting marketing strategies.

INSTRUCTIONAL ACTIVITY

Case Study

John manages the XYZ Department Store. The store is of moderate size and appeals to its customers on the basis of style. In September, when John ordered spring merchandise, he ordered the same styles and assortments that were ordered for the previous spring. In August almost all of the merchandise was still on the racks. Discuss this problem.

A. What didn't John do?

B. List several ways that this situation could have been avoided.

C. If you owned the XYZ Department Store, what actions/procedures would you implement with manager John?

Answers

A. John evidently stocked merchandise that had little customer demand.

B. John should have a) studied current fashion trends, b) forecasted future sales and purchased merchandise according to the forecast, and c) selected marketing strategies based on the sales forecast.

C. a) Call John in and explain the cost of his failure to manage the business properly.

  b) Implement Management by Objective (MBO) and establish a probationary period. After the probationary period, fire him if his work continued to be unsatisfactory.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Planning and organizing work.

PERFORMANCE OBJECTIVE

The student will be able to identify two instruments used in planning work and the elements of organizing work.

INSTRUCTIONAL ACTIVITIES

1. Explain the planning function.
2. State the purpose of a budget and schedule. Show example of each.
3. Explain that work has to be planned before it is organized.
4. Discuss the elements of organizing the division of labor, facilities, and workers.
5. Use Instructional Activity (#1 and #2) to illustrate a typical organizational chart and a typical store budget.

INSTRUCTIONAL MATERIALS/RESOURCES

Vorndran and Litchfield. **General Merchandise Retailing**, Chapter 2.
Everard and Burrow. **Business Principles and Management**, Chapter 7.

EVALUATION

The student will explain in writing the two instruments used in planning work and the elements of organizing work.

COMPETENCY

Planning and organizing work.

INFORMATION SHEET

Planning Work

Just as management sets overall goals and objectives for the company, each department within the company must have goals or objectives. Clearly stated, measurable goals or objectives provide a basis for standards to be met and help managers choose the best alternatives to accomplish their work. After goals and objectives are set, managers use certain instruments to evaluate progress and measure accomplishments. These instruments are often referred to as planning tools and each is described below.

Budgets

A budget is a systematic process that aids managers in planning and controlling the resources required in the achievement of objectives. The most important part of the planning process is the preparation of a budget. Each department within an organization should have a budget. In most organizations, the term budget refers to financial data, but can include personnel, units of production, and the number of sales.

Schedules

Schedules are used chiefly for planning time. Schedules identify tasks to be performed and the required time to complete each task. Schedules are used to plan the completion and shipment of orders and to maintain employee earning records.

Standards

A method of evaluating the completed work is referred to as a standard. An organization sets standards as part of the original plan. For each goal or objective planned, standard for measuring its effectiveness must also be set. There are different types of standards, and the type used depends on the type of organization. The basic types include quantity standards, cost standards, quality standards, and time standards.

quantity	refers to the number produced in a given time
quality	refers to defects appearing in the work
time	refers to whether the work was completed on time
cost	refers to the amount of money budgeted as compared to actual cost

Even though management planning for the process of setting standards is under the planning function of management, the actual setting of standards is a controlling function. The process of controlling involves three activities.

1. Setting standards for each goal or objective.
2. Measuring actual performance with scheduled performance to see if objectives were met
3. Taking corrective action when problems occur.

INFORMATION SHEET continued

How Work is Organized

Before a plan for work can be carried out, the work must be organized. Organizing involves arranging resources and relationships between employees and departments and defining the responsibility each has for accomplishing the job. Each department within an organization has specific responsibilities and each employee within the department has specific duties.

General responsibility within an organization is visually depicted by an organizational chart, which does the following:

1. indicates each employee's area of responsibility and to whom each reports.
2. coordinates the division of labor.
3. shows the type of work done by the business.
4. indicates lines of promotion.

There are three elements of organizing the division of labor, the facilities, and the workers.

Division of Labor

The division of labor refers to how work is divided throughout the organization by departments and then divided within the department between each employee. In dividing work and responsibilities, management takes measures to be sure that each job contributes to the goals or objectives of the organization, and that each employee has the necessary skills to perform the job for which he or she is using that skill. Once individual jobs are assigned, each employee should be given a written job description. A job description is a written account of the duties and responsibilities and the extent of authority involved in a particular job.

Facilities

Organizing includes arranging the facilities so that work may be carried out smoothly and for the comfort of the employees. Allocations must be made for cleanliness, bathrooms, parking, and lunch areas. Tools and equipment must also be maintained.

Workers

Workers comprise the major element to be considered in organizing. Workers must be satisfied if their productivity is to be high.

COMPETENCY

Planning and organizing work.

QUESTIONS

1. A systematic process that aids managers in planning and controlling the resources to meet objectives is called
    - a. scheduling.
    - b. procedures.
    - c. budgeting.
    - d. standards.

2. The division of labor is usually graphically depicted on a
    - a. bulletin board.
    - b. financial report.
    - c. promotional chart.
    - d. organizational chart.

Answers

1. c.
2. d.

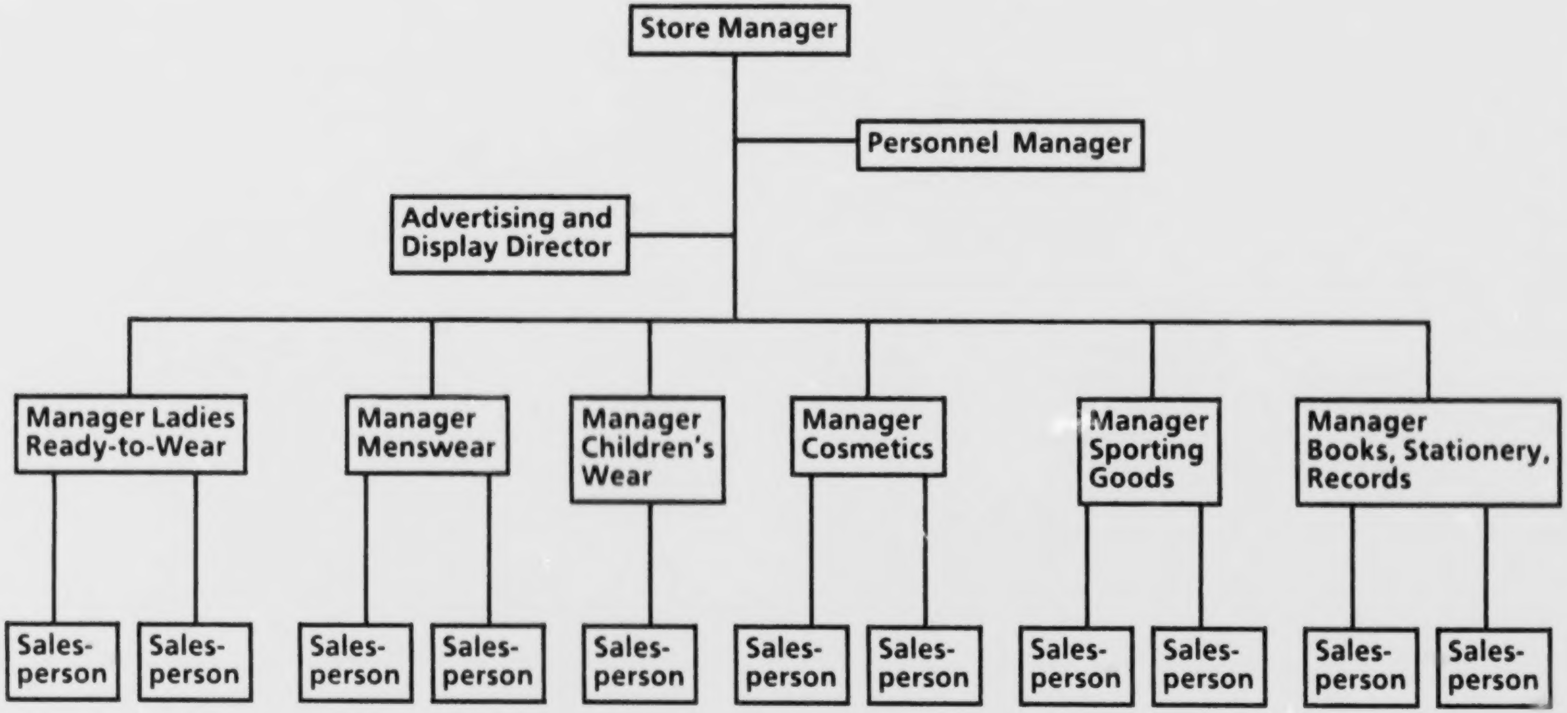
COMPETENCY

Planning and organizing work.

INSTRUCTIONAL ACTIVITY

TRANSPARENCY 1

AN EXAMPLE OF A TYPICAL STORE ORGANIZATIONAL CHART


Store Manager
Personnel Manager
Advertising and Display Director
Manager Ladies Ready-to-Wear
Manager Menswear
Manager Children's Wear
Manager Cosmetics
Manager Sporting Goods
Manager Books, Stationery, Records
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person
Sales-person

31

(For illustration purposes only)

32

COMPETENCY

Planning and organizing work.

INSTRUCTIONAL ACTIVITY

TRANSPARENCY 2

AN EXAMPLE OF A TYPICAL STORE CASH BUDGET JULY, 19XX

ITEM	ESTIMATED SALES	ACTUAL SALES	DIFFERENCE IN PROJECTED AND ACTUAL
RADIOS	$2,000	$1,900	$100
TELEVISIONS	10,000	9,000	1,000
RANGES	7,000	7,000	- 0 -
REFRIGERATORS	3,000	2,500	500
LAMPS	900	600	300
TOTAL	$22,900	$21,000	$1,900

(For illustration purposes only)

33

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Develop short-term action plans.

PERFORMANCE OBJECTIVE

The student will be able to develop short term action plans on a day-by-day, week-by-week basis as they apply to management.

INSTRUCTIONAL ACTIVITIES

1. Discuss contents of the Information Sheet.
2. Discuss the planning model and the daily planning guide.
3. Have students read the Information Sheet and complete the Activity.
4. Discuss the completed work.
5. Have students solve the case study using the forms provided.
6. Hold a class discussion on the exercise.

INSTRUCTIONAL MATERIALS/RESOURCES

Vorndran and Litchfield. **General Merchandise Retailing**, Chapter 3.
Burke and Bittel. **Introduction to Management Practices**, Chapter 5.
Burke and Bittel. **Business Principles and Management**, Chapter 3.

EVALUATION

Given class discussion, the students will write short term action plans on a day-by-day, week-by-week basis.

COMPETENCY

Develop short-term action plans.

INFORMATION SHEET

Short-term action plans control the day-by-day, week-by-week operations of an organization. An organization develops short-term coordinated plans to meet the long term plan. Long term plans include those that cover periods of time longer than one year while short term plans cover periods of less than one year even though their actual accomplishments may take longer. Short-1term action plans must be flexible and planned in detail. Each department within the company sets short-term plans. To meet the short-term objectives, each employee within each department has the responsibility of fulfilling day-by-day activities or strategies. In planning for a short period of time, the rules are basically the same as those used for developing long term action plans and the planning model is also the same.

Planning Model

1. Identify exactly what you want to accomplish. Write your objectives. Be specific. Instead of setting the objective "increase sales in the linen department" set the objective to "increase the sale of sheets in the linen department by 10%".

2. Divide goals into short-term objectives. Prioritize your objective if you want to accomplish more than one. Write an "A" by the most important objective. Write a "B" by the next most important objective, etc.

3. Set strategies for accomplishing each objective and strategy.

After an action plan is developed, a smart manager will make use of a daily planning guide to keep him on course. A sample follows.

Monday Planning Guide

A. Prepare a display for table linen.
B. Meet with employees about want slips.
C. Prepare work schedule for next week.
D. Meet with general manager to discuss advertising.
E. Begin work on Thursday's payroll.

NOTE: The most important objective for Monday is "A."

COMPETENCY

Develop short-term action plans.

QUESTIONS

1. A short term action plan covers a period of

    a. 1-3 years.
    b. 1-2 years.
    c. 1 year.
    d. 5 years.

2. Which of the following is not a step in the planning model?

    a. Identify exactly what you want to accomplish.
    b. Divide goals into short term objectives.
    c. Set strategies for accomplishing each objective.
    d. Train employees to identify their objectives.

Answers

1. c.
2. d.

COMPETENCY

Develop short-term action plans.

INSTRUCTIONAL ACTIVITY

Check your planning skills. How well do you plan? Answer the following questions based on either your job or your future career.

1. Identify what you want to accomplish within the next year. (Write objectives.)

2. Prioritize these objectives. (Write the most important first.)

3. Set strategies. (Specifically state how you plan to accomplish each.)

4. Set deadlines for each strategy and for each objective.

COMPETENCY

Develop short-term action plans.

INSTRUCTIONAL ACTIVITY

#1 Case Study:

Mini-Simulation

You are managing the Magnolia Room, a department of Macy's Department Store. The Magnolia Room features high fashion dresses, skirts, blouses, and suits designed to meet the needs of professionals. Since sales have been slow recently, you have decided to advertise your merchandise by sponsoring a fashion show. Your goal is to increase sales by 10%. You have met with the store's general manager and received approval. Your next step is to prepare a short term action plan and a daily planning guide, using the information provided. The fashion show will be held 5 days from today.

SITUATION

Goal: Increase Sales by 20%

OBJECTIVE: Sponsor a Fashion Show

Strategies

1. Inform personnel in your department of your plan.
2. Meet with the store's fashion coordinators of various departments: display, advertising, and public relations.
3. Arrange to obtain any props or other merchandise that you may need.
4. Coordinate with display, advertising, and public relations departments.
5. Prepare product information.
6. Select a theme.
7. Select models and commentator.
8. Decorate for fashion show.
9. Prepare fashion show displays.
10. Pick up fashion show script from public relations.
11. Conduct dress rehearsal.
12. Conduct fashion show.

COMPETENCY

Develop short-term action plans.

INSTRUCTIONAL ACTIVITY

#2 Case Study

Department managers are usually responsible for determining employees' work schedules. When they make work schedules, department managers need to consider the department budget. They also need to consider the tasks that need to be done during the given time period.

Dalton De Ross is manager of the China Department of an Acme Store in Madison, Wisconsin. The store is open from 10:00 a.m. until 9:00 p.m. on Friday. On Saturday, the store is open from 10:00 a.m. until 6:00 p.m. Employees are expected to arrive a half hour before the store opens and to remain for a half hour after closing. They have an hour for lunch or dinner and also receive two 15 minute breaks during the 8-hour work day.

Dalton De Ross has four employees working in the China Department.

1. Susan Amato, assistant manager, who makes $5 per hour and works 40 hours per week.
2. Tom Benoit works 40 hours per week and earns $4 per hour.
3. Craig Caryle works 40 hours per week and earns $3 per hour.
4. Doris Giles works up to 20 hours per week and earns $2.50 per hour. She is a high school cooperative distributive education student who can work after 2:00 in the afternoons during the week. She can work all day on Saturdays.

Peak selling periods in the China Department are Friday and Saturday afternoons. Excluding Dalton's salary, the budget for salaries this week is $500.

COMPETENCY

Develop short-term action plans.

INSTRUCTIONAL ACTIVITY

#2 Transparency for Case Study

WORK SCHEDULE

NAME	MON.	TUES.	WED.	THURS.	FRI.	TOTAL
TOM	8	8	8	8	8	40
SUSAN	4	8	8	4	6	30
CRAIG	3	9	6	4	6	30
DORIS	8	8	8	8	8	40

40

COMPETENCY

Develop short-term action plans.

ACTIVITY SHEET

#2 Case Study

1. Prepare a weekly schedule using the schedule form provided.

Answer the following questions:

a. Did you schedule proper coverage for peak periods? Yes or No _____

b. Did you schedule proper coverage for lunch hours? Yes or No _____

c. Did you meet salary budget requirements? Yes or No _____

Div./Dept. ______________________ **No. P.T. Hours Budgeted** ______________________

SCHEDULE

NAME	WK. BEG.	MON.	TUES.	WED.	THURS.	FRI.	SAT.	TOTAL
1								
2								
3								
4								
5								
6								
7								
8								
9								
Total Hours								

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Describe the importance of performance measurements and recordkeeping.

PERFORMANCE OBJECTIVE

The student will be able to state the importance of performance measurements and recordkeeping in evaluating employees.

INSTRUCTIONAL ACTIVITIES

1. Have student read the Information Sheet.
2. Hold a discussion covering the key points.
3. Review the rating scale provided.
4. Have student write answers to the questions on the activity.
5. Have student complete the project in this unit.

INSTRUCTIONAL MATERIALS/RESOURCES

Vorndran and Litchfield. **General Merchandise Retailing,** Chapter 1.
Lowry. **Retail Management**, Chapter 2.
Everard and Burrow. **Business Principles and Management**, Chapter 3.

EVALUATION

The student will be able to state in writing the importance of performance measurements and record keeping.

COMPETENCY

Describe the importance of performance measurements and recordkeeping.

INFORMATION SHEET

The process of measuring employee and managerial performance is called performance appraisal. Almost all organizations have a formal method of evaluating employees. An evaluation system is used to assess an employee for salary increases and many other factors. Normally, once each year the manager will meet with each employee and discuss his or her progress on the job. From this meeting, employees learn if they are meeting company standards, and if not, what improvements are needed. Before an appraisal meeting is to take place, the manager completes the required forms (rating forms if this method is used) including time cards if applicable. The information contained in the form is discussed with the employee in the meeting. In completing the appraisal form the employer should pay close attention to the rules listed below.

1. Try to be fair.
2. Be objective.
3. Look at the facts.
4. Encourage the employee to talk.
5. Make the employee feel appreciated.

Method of Appraising Employee Performance

Several methods are used to evaluate employee performance. The approaches range from simple observation to highly technical systems. A discussion of the most commonly used methods follows.

1. Rating Scale

   A rating scale is composed of a list of factors relating to the employee's performance. Each factor is represented by a line or scale and the employer checks the space on the scale which corresponds most closely with the employee's performance. (See Instructional Activity).

2. Group Evaluation Techniques

   This method is most widely used when an employee reports to more than one supervisor. Each supervisor ranks the employee based on predetermined standards. This is a common method in department stores. A good example perhaps is a department manager who reports to the store's buyer and the store's general manager.

43

COMPETENCY

Describe the importance of performance measurements and recordkeeping.

INFORMATION SHEET continued

3. Management By Objectives (MBO)

MBO requires that the employee establish individual objectives that are coordinated with the objectives of the organization. These objectives are then approved or modified through a joint agreement by both the manager and the employee. At the end of the evaluation period, the supervisor and the employee assess the employee's efforts to meet the objectives. The major advantages of MBO are listed below.

A. It allows employees to measure their performance according to predetermined standards.
B. Supervisors appear to be more interested in helping employees reach their goals.
C. Employees are evaluated on the basis of their performance rather than the performance of others.

4. Critical Method

This method involves recording both the good and the bad characteristics of an employee. The form contains a list of behavioral traits that should be observed by the supervisor. Next to the list of traits are positive and negative descriptive, phrases; the supervisor checks the phrase that matches the employee's behavior. Read the excerpt from the critical incident form below:

	Trait		Descriptive Phrase (check only one)
A.	Punctuality	( )	always punctual
		( )	sometime punctual
		( )	rarely punctual
		( )	seldom punctual

COMPETENCY

Describe the importance of performance measurements and recordkeeping.

QUESTIONS

1. Which of the following is not an advantage of MBO?

   a. Employees are allowed to measure the performance of peers.
   b. Employees measure performance according to predetermined standards.
   c. Employees are evaluated on the basis of their performance.
   d. Supervisors assist the employees in reaching their goals.

2. Performance appraisals are made for all of the following purposes EXCEPT

   a. employee promotions.
   b. salary increases.
   c. productivity increases.
   d. philosophies.

Answers

1. a.
2. d.

COMPETENCY

Describe the importance of performance measurements and recordkeeping.

INSTRUCTIONAL ACTIVITY

1. Contact a personnel manager for a store of your choice. Discuss the methods used to evaluate employees. List them below.

2. Based on the information provided you in class and your conversation with the personnel manager, what method is the most effective?

3. Develop a form that you would use to evaluate your employees. List at least five traits.

COMPETENCY

Describe the importance of performance measurements and recordkeeping.

INSTRUCTIONAL ACTIVITY

Transparency

RATING SCALE-EXAMPLE

MARCY'S

EMPLOYEE EVALUATION

Evaluator

Employee's Name

	EXCELLENT		AVERAGE		POOR
1. Personal appearance Comment-			X		
2. Relationships with supervisor & co-workers Comment-			X		
3. Punctuality & attendance Comment - takes too long for coffee breaks				X	
4. Rapport with customers Comment-		X			
5. Accuracy in handling money, inventories, & other store records Comment-needs experience				X	
6. Knowledge of total store operation Comment-				X	
7. Initiative & motivation in job performance Comment-not very enthusiastic				X	
8. Takes direction & follows through Comment-			X		
9. Demonstrates leadership potential Comment-				X	
10. Overall production Comment-				X	

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

State the importance of keeping informed of developments and trends which will affect present and future operations.

PERFORMANCE OBJECTIVE

Following instruction, the student will be able to state the importance of keeping informed of developments and trends which will affect present and future operations.

INSTRUCTIONAL ACTIVITIES

1. Discuss the contents of the Information Sheet with students. Emphasize the internal and external influences.
2. Have students complete the simulation.

INSTRUCTIONAL MATERIALS/RESOURCES

Burke and Bittel. **Introduction to Management Practices,** Chapter 2.

EVALUATION

The student will explain in writing the importance of keeping informed of developments and trends which will affect the present and future operations of the business.

48

COMPETENCY

State the importance of keeping informed of developments and trends which will affect present and future operations.

INFORMATION SHEET

Managers involved in planning for the organization should read newspapers, trade magazines, and government research information to keep informed of future developments and trends. These publications reflect the conditions that are expected in the external environment and serve as a basis for making forecasts with which to plan for the future of the organization. External environmental influences include the following:

Government actions

The economy

Market conditions and competition

Social changes as they affect customers and employees

Technological advances.

These external environmental influences are difficult, if not impossible, for an organization to control.

In addition to the external environmental factors listed above, management should consider certain internal factors which may affect planning for the future of the organization:

Existing policies of the organization

Existing procedures of the organization

COMPETENCY

State the importance of keeping informed of developments and trends which will affect present and future operations.

QUESTIONS

1. One important reason for keeping informed of developments and trends is

   a. to be able to influence technological projections.
   b. to influence the competition.
   c. to make better plans for the organization.
   d. to bring about social changes within the organization.

2. Which of the following is NOT an external environmental influence?

   a. The economy
   b. Governmental action
   c. Market conditions
   d. Policies

Answers

1. c.
2. d.

COMPETENCY

State the importance of keeping informed of developments and trends which will affect present and future operations.

INSTRUCTIONAL ACTIVITY

Simulation

Your company manufactures baby foods. According to governmental research publications, by 1990 the makeup of the population is expected to shift, resulting in a decline in the birth rate. For the past five years, you have planned to expand your organization by 1992.

Identify the problem ____

____

____

____

List your alternatives ____

____

____

____

List your solution ____

____

____

____

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

State the importance of thinking ahead and planning for emergencies that might arise.

PERFORMANCE OBJECTIVE

The student will be able to state the importance of planning for emergencies that might arise.

INSTRUCTIONAL ACTIVITIES

1. Introduce the topic by discussing contents of the Information Sheet.
2. Have students read and complete the Activity Sheet.
3. Discuss the various responses.
4. Have students recall store policies from their job experiences or their experiences as customers and discuss why each policy was necessary.

INSTRUCTIONAL MATERIALS/RESOURCES

Vorndran and Litchfield. **General Merchandise Retailing**, p. 208.

EVALUATION

The student will be able to state in writing the importance of planning for emergencies that might arise in relation to policies and procedures.

COMPETENCY

State the importance of thinking ahead and planning for emergencies that might arise.

INFORMATION SHEET

Policies and procedures are often considered internal factors which may contain future planning for organization. Policies and procedures are essential for handling specific problems and dealing with emergencies. Policies establish procedures to be followed consistently in handling specific problems or functions. Procedures specify the methods to be used in carrying out policies. Policies and procedures coordinate and control the goals and objectives set by the organization. Suppose, for example, a store agrees to make customer purchase exchanges providing the customer presents a receipt for the purchases. This is referred to as a policy. When the salesperson voids the customer's receipt and writes a return and allowance ticket, a procedure has been followed.

The establishment of policies and procedures beforehand to avoid confusion when problems occur. In addition to alleviating confusion, established policies and procedures frees the manager to handle other administrative responsibilities and allows for more control and consistency.

COMPETENCY

State the importance of thinking ahead and planning for emergencies that might arise.

QUESTIONS

1. Which of the following statements best describes a policy?

   a. All employees have one hour for lunch.
   b. When leaving for lunch, notify a supervisor.
   c. When employees make purchases, use the store credit card.
   d. When employees leave for the day, use the shipping exit.

2. Planning for emergencies is essential for all the following EXCEPT

   a. effective decision-making.
   b. efficient consistency.
   c. increased control.
   d. inventory control standards.

Answers

1. c.
2. d.

COMPETENCY

State the importance of thinking ahead and planning for emergencies that might arise.

INSTRUCTIONAL ACTIVITY

In the blanks below, write at least three school policies that affect you. Beside each, write in the procedure that must be followed and the reason for having the policy.

	Policy	Procedures	Reason
1.			
2.			
3.			
4.			
5			

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Training and development of people.

PERFORMANCE OBJECTIVE

The student will be able to state the purposes of training programs and development of personnel.

INSTRUCTIONAL ACTIVITIES

1. Discuss contents of the Information Sheet.
2. Pose the following questions and have students write their responses: If you owned a large department store, which training technique would you use? Why?

INSTRUCTIONAL MATERIALS/RESOURCE

Lowry. **Retail Management**, pp. 307-09.

EVALUATION

The student will state in writing the purpose of training programs and development of personnel.

COMPETENCY

Training and development of people.

INFORMATION SHEET

Purpose of Training

The purpose of training is to develop employee's ability to perform on the job. Properly trained employees exhibit high morale and efficiency.

Types of Training

1. Initial Training

   Initial training programs are designed for new employees and usually include an orientation program. Length of training varies from a few days to several weeks.

2. Refresher Training

   Refresher training programs provide current employees with the latest information. Refresher training is often conducted by suppliers during working hours.

3. Developmental Training

   Developmental training is offered to persons moving into supervisory roles for the purpose of developing leadership qualities. Information pertaining to planning, organizing, controlling, and decision-making is an integral part of developmental training.

Training Techniques

Retailers use a variety of training techniques and many different combinations. A few of the most common are these:

1. On the Job Training (OJT)

   As the name specifies, OJT occurs on the job and consists of the new employee being trained by another employee. The employee conducting the training is referred to as the training sponsor.

2. Classroom Training

   Classroom training is usually conducted by large retailers. It provides a structured educational environment.

3. Vestibule Training

   Vestibule training occurs in a small room that is furnished with equipment and stock that the trainee will use on the job. This technique permits training to take place without interfering with the normal activities of the departments.

COMPETENCY

Training and development of people.

INFORMATION SHEET continued

4. Video Training

Video training consists of video tapes and closed circuit television. This technique is self-paced and gaining popularity.

COMPETENCY

Training and development of people.

QUESTIONS

1. Which of the following is NOT a purpose of training programs?

    a. Increase in employee turnover
    b. Increase in employee efficiency
    c. Increase in employee morale
    d. Increase in supervisory skills

2. A training technique that is conducted by an employee while on the job is called

    a. vestibule training.
    b. developmental training.
    c. video training.
    d. OJT.

Answers

1. a.
2. d.

COMPETENCY

Training and development of people.

INSTRUCTIONAL ACTIVITY

Charles Morgan had been hired in the mail room of the Teletron Trading Corporation five weeks ago. His job was to collect mail twice daily from each office in the building, sort and process the outgoing mail, deliver outgoing mail to the local post office, and pick up incoming mail from the post office. He learned the job in one day by working with the outgoing employee, Tom Williams. Tom Williams was leaving the company because he was entering military service.

After one month, Morgan thought that he was doing rather well with such little supervision. In fact, the supervisor was seldom around. A week later he received notice that he was to be discharged effective next week. Since no explanation accompanied the announcement, he went to the personnel office immediately. The personnel manager pulled a folder from the file and began reading notes that had been placed there during the past month. Morgan responded truthfully to each of the items presented:

(a) An hour late to work on the thirteenth: "My car wouldn't start, but I called to say that I would be in as soon as possible."
(b) Two offices complained that the mail had not been picked up on the second of the month: "It was my second day on the job and I couldn't remember all the stops. After the second day, I made a schedule and I haven't missed an office since."
(c) The Research Department complained that an important document had been sent regular mail that should have been sent airmail: "I didn't know the policy for deciding when and how to send items until I found and asked the supervisor. Then he gave me a procedures manual to study. Tom Williams didn't tell me there was such a manual."

Several other similar complaints were included in the personnel file, each readily explained by Morgan. According to the personnel manager, Morgan was discharged in keeping with company policy. The discharge policy was that five or more complaints a month about an employee during the first year of employment were grounds for discharge.

Questions to answer.

1. What is your opinion on the corporation's training program? Discuss.
2. What recommendations can you make to improve the training program?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT FUNCTIONS

COMPETENCY

Develop and maintain good customer relations.

PERFORMANCE OBJECTIVE

The student will be able to explain how to develop and maintain good customer relations.

INSTRUCTIONAL ACTIVITIES

1. Introduce the topic by asking student to recall instances in which salespeople were especially friendly or unfriendly. Hold a discussion.
2. Discuss the importance of getting along and building good will with customers.
3. Have students resolve situations in Instructional Activity #1. Discuss each.

INSTRUCTIONAL MATERIALS/RESOURCES

Vorndran and Litchfield. **General Merchandise Retailing**, Chapter 2.

EVALUATION

The student will be able to explain in writing how to develop and maintain good customer relations.

COMPETENCY

Develop and maintain good customer relations.

INFORMATION SHEET

The goal of any organization is to satisfy the customer with merchandise purchased and services offered. Organizations must realize that customers are guests, and the purpose of the business is to serve its customers. In retailing, the most valuable resource is the customer. Therefore, huge sums of money are spent annually researching customer buying habits. Customers are usually quite knowledgeable and will ask many questions before buying. As a result, organizations should strive to build good will by creating a positive image and answering questions patiently. Customers are pleased when they are treated as individuals, greeted promptly, shown interest and concern, and shown courtesy.

Customers' moods change quickly. Successful organizations train personnel to anticipate these moods and know how to respond. This is imperative in striving to maintain and build good relations. The chart that follows summarizes customer moods and explains how the salesperson should respond:

Customer Moods and How to Respond to Them

CUSTOMER MOODS	SALESPERSON'S RESPONSE
Talkative	Try to direct the conversation to the merchandise. Don't allow the conversation to wander off to other topics.
Silent	Get the customers to start talking. Ask questions that require more than a yes or no response.
Friendly	You can sell to these customers by giving information needed to make a wise buying decision. Talk with them rather than at them.
Disagreeable or Argumentative	Listen to them. Don't argue back. Agree with minor points of the conversation. Then base your presentation upon the points of agreement.
Timid or Sensitive	Be patient. Don't rush them. Help support them by using empathy. Show evidence of factual information. Don't ridicule. Help them feel comfortable about purchasing the product of service.
Impatient	Serve promptly. Answer questions. Don't try to oversell. Speed up the sales presentation by giving the basic features and customer benefits of the item being sold.

COMPETENCY

Develop and maintain good customer relations.

INFORMATION SHEET continued

CUSTOMER MOODS	SALESPERSON'S RESPONSE
Dominating or Superior	Let them do the talking. Make them feel important. Present information quickly as needed. Let these customers sell themselves.
Procrastinating	This kind of customer wants to put off buying. Get them to agree to key selling points. You may have to assume they will buy. Don't offer a choice.

COMPETENCY

Develop and maintain good customer relations.

QUESTIONS

1. An organization's most valuable resource is its

   a. equipment.
   b. customers.
   c. parking.
   d. assets.

2. When a customer is in a superior mood, the salesperson should

   a. ask questions.
   b. direct the conversation.
   c. let them do the talking.
   d. use empathy.

Answers

1. b.
2. c.

COMPETENCY

Develop and maintain good customer relations.

INSTRUCTIONAL ACTIVITY

A. List the selling points that should be emphasized in selling each of the following items: (1) a bicycle, (2) a video cassette recorder, (3) a microwave oven, and (4) a hide-a-bed sofa.

B. Describe how a salesperson can meet the following objections:

(1) "I can't afford it."
(2) "I want to think it over."
(3) "I'll wait until you put them on sale."
(4) "I want to shop several other stores before I buy."

MARKETING MIX

Identify the importance of having the right product.

Identify the importance of having the product at the right place.

Identify the importance of having the product with the right promotion.

Identify the importance of having the product at the right price.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MARKETING MIX

COMPETENCY

Identify the importance of having the right product.

PERFORMANCE OBJECTIVE

The student will be able to identify the importance of a business having the right product.

INSTRUCTIONAL ACTIVITIES

1. Discuss the marketing mix, naming the four elements.
2. Discuss the first element: Product
3. Have students recall and discuss their inability to locate a satisfactory product, e.g. jeans, T-shirts, and sneakers.

INSTRUCTIONAL MATERIALS/RESOURCES

Hutt and Stull. **Marketing: An Introduction**, Chapter 7.
Everard and Burrow. **Business Principles and Management**, Chapter 8.

EVALUATION

The student will be able to identify in writing the importance of having the right product as it relates to the marketing mix.

COMPETENCY

Identify the importance of having the right product.

INFORMATION SHEET

Marketing managers have many decisions to make when preparing to market products. One major decision concerns the four elements of marketing: product, price, place, and promotion; and the proper blend to use. The blending of these four elements is called the marketing mix. The marking mix for one product may require high prices, sales, special orders and newspaper advertising. Another product may be produced in high quantities and sold by convenience stores with little or no advertising. Marketers must consider each element of the marketing mix separately in making their decision. A discussion of the importance of having the right product follows.

PRODUCT

The product is everything offered by an organization to satisfy customers. Services as well as physical products are included. An important question for marketers to consider is: What do customers want? By knowing what customers are looking for, more satisfying products can be produced. If an organization fails to offer products that customers are interested in buying, few sales will take place. Marketing researchers normally gather data such as the following to assist managers in making product decisions:

1. The features of the product include size, shape, color, and weight.
2. The quality preferred by the target market.
3. Features of packaging.
4. The brand name.

COMPETENCY

Identify the importance of having the right product.

QUESTIONS

1. Which element of the marketing mix is the first to be considered?

   a. Price
   b. Place
   c. Product
   d. Promotion

2. Which of the following questions is most important when planning to market a product?

   a. Why do customers want this product?
   b. What do the customers want?
   c. How is the product produced?
   d. Should the product be produced?

Answers

1. c.
2. b.

COMPETENCY

Identify the importance of having the right product.

INSTRUCTIONAL ACTIVITY

Product Knowledge

This project is designed to give you practice in looking at products.

1. Select a product to work with.
2. Research the product.
3. Answer some questions about the product.

Select a Product to Study

This product should be a consumer good, require a major decision on the part of the buyer, and be one that you are really interested in.

Product I have selected: ______________________________.

Research the Product

Talk to a retailer handling your product and read the promotional material available. If possible, talk to a manufacturer's representative as he or she calls on the retailer, and write to the manufacturer. You are trying to gather information to answer the following questions:

a. What is the product made of?

____

b. How many different models are available?

____

c. What do consumers expect it to do?

____

d. Is it a part of a product line?

____

e. What other products are in the product line?

____

f. How much does it cost?

____

g. What is the company's pricing policy relative to discounts, trade-ins, or other price concessions such as special sales?

____

h. Is its brand name important? Why?

____

COMPETENCY

Identify the importance of having the right product.

INSTRUCTIONAL ACTIVITY continued

i. Where does it advertise?

____

j. What do the ads tell you about the type of customer they're aimed at?

____

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MARKETING MIX

COMPETENCY

Identify the importance of having the product at the right place.

PERFORMANCE OBJECTIVE

The student will be able to identify the importance of having the product in the right place.

INSTRUCTIONAL ACTIVITIES

1. Discuss place as it relates to the marketing mix.
2. Discuss place as it relates to channels of distribution.
3. Have students list the items they are wearing that were made in other cities and/or countries.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, Chapter 4.
Hutt and Stull. **Marketing: An Introduction**, Chapter 2.

EVALUATION

The student will be able to identify in writing the importance of having the product in the right place.

COMPETENCY

Identify the importance of having the product at the right place.

INFORMATION SHEET

Suppose you were vacationing in Florida, reached for your swimsuit, and discovered that you didn't have it. You decided, then, to go out and purchase one. On your arrival at the store, the salesclerk announced that bathing suits are not manufactured in Florida. What would you think? This is a hypothetical case but it points out the importance of having the right product in the right place at the right time. This is one additional decision to be made by marketing managers. They must decide which combination of the marketing mix is appropriate, relative to the best channel of distribution. Transportation has to be provided, since few customers can buy directly from the manufacturer. In selecting distributors, marketing managers must consider questions such as these:

1. Is the product perishable?
2. Will it require care during transit?
3. Is the product weather resistant?
4. Will it require special handling?

COMPETENCY

Identify the importance of having the product at the right place.

QUESTIONS

1. Which element of the marketing mix refers to distribution of the product?
    a. Price
    b. Product
    c. Promotion
    d. Place

2. Which of the following is NOT a consideration to be made relative to place?
    a. Will the customers want this product?
    b. Is the product perishable?
    c. Is the product weather resistant?
    d. Will the product require special handling?

Answers

1. d.
2. a.

COMPETENCY

Identify the importance of having the product at the right place.

INSTRUCTIONAL ACTIVITY

Interview the owner-operator of two different types of stores and on a separate sheet of paper record the following information.

a. What channel of distribution do you use for magazines?

Store 1. ____

Store 2. ____

b. What types of assistance are given to the retailer by other members of the channel of distribution?

Store 1. ____

Store 2. ____

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MARKETING MIX

COMPETENCY

Identify the importance of having the product with the right promotion.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to state the importance of having the product with the right promotion to include mass distribution, new products, and employment.

INSTRUCTIONAL ACTIVITIES

1. Define promotion.
2. Define promotional mix.
3. Discuss the importance of promotion.
4. Discuss factors affecting promotion and the relationship of these factors.
5. List at least six methods of promotion.

INSTRUCTIONAL MATERIALS/RESOURCES

Hutt and Stull. **Marketing: An Introduction**, p. 30.
Warmke et al. **Marketing in Action**, 8th edition, pp. 246-53.

EVALUATION

The student will explain in writing the importance of having the product with the right promotion.

COMPETENCY

Identify the importance of having the product with the right promotion

INFORMATION SHEET

Promotion is informing customers of the goods and services offered for sale and persuading these customers to buy the goods and services. If the promotion is to be effective, it must induce the customer to take some action. The action might be to visit the store and buy the merchandise; it might be to enter a contest. If the promotion is effective, the customer will take the intended action.

Promotion is the communication mechanism of marketing. The communication is designed to gain attention, inform, teach, remind, persuade, or reassure customers about a product or a service. The usual methods of promotion are personal selling, advertising, visual merchandising, sales promotion, and public relations or publicity. A marketing business combines these methods to create a promotional mix.

Promotion in marketing is important for several reasons. First, promotion is critical if products are to move along the channels of distribution. Promotional activities are an important part of making mass distribution. Second, promotion plays a key role in introducing new products or services to the marketplace. A business must demonstrate new products' usefulness and persuade buyers to purchase the new items through promotional activities. Finally, promotion provides employment opportunities for millions of people employed in advertising, visual merchandising, public relations, personal selling, and sales promotion.

FACTORS AFFECTING PROMOTION

Decisions made concerning particular promotional methods are affected by factors such as the product, the company's goals, and the company's capital position.

THE PRODUCT

The kind of product that the marketer is attempting to sell will have a great effect on the kinds of promotion utilized in communicating with the customers. For example, a product that is highly technical item, such as a computer, will not lend itself well to advertising or sales promotion, which are forms of mass communication, because it is difficult to explain the technical nature of the product through these methods. Personal selling, however, is a good choice of promotion to communicate messages for high tech products.

COMPANY GOALS

The goals which the business has developed for the particular promotion will also have an influence on the methods of promotion which are selected.

COMPANY CAPITAL POSITION

The amount of funds which the business has available for promotion will affect the methods of promotion selected. These methods need to be within the financial ability of the company to accomplish the promotional goals.

COMPETENCY

Identify the importance of having the product with the right promotion.

QUESTIONS

1. Informing customers of goods and services offered for sale and persuading these customers to buy the goods and services is called

    a. promotion.
    b. distribution.
    c. target market.
    d. marketing mix.

2. Personal selling, advertising, visual merchandising, and public relations are all forms of

    a. target market.
    b. marketing mix.
    c. promotion.
    d. business

Answers

1. a.
2. c.

COMPETENCY

Identify the importance of having the product with the right promotion.

INSTRUCTIONAL ACTIVITY

Assume that you have been hired as a marketing consultant by a small private college with limited financial resources. They have asked you for suggestions about how they may communicate effectively with prospective students. The college attracts students from throughout the state and region as well as a few students from other states and other countries.

Questions to answer.

1. Describe the general objectives of a promotion plan for the college.
2. What should be the advertising goals? What should be the recruiter's goals?
3. Devise a specific promotion plan for the small college.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MARKETING MIX

COMPETENCY

Identify the importance of having the product at the right price.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to state the importance of having the product at the right price with 90% accuracy.

INSTRUCTIONAL ACTIVITIES

1. Discuss price decisions in relation to the marketing mix.
2. Explain how managers determine price in relation to certain factors.
3. Discuss value in relation to price.

INSTRUCTIONAL MATERIALS/RESOURCES

Hutt and Stull. **Marketing: An Introduction,** pp. 29, 112.
Warmke et al. **Marketing in Action,** 8th edition, pp. 31, 245.

EVALUATION

The student will explain in writing the importance of having the product at the right price.

80

COMPETENCY

Identify the importance of having the product at the right price.

INFORMATION SHEET

Assume that you are a marketing manager and you are to determine the price for your product or service. What should the price be? Certainly the product should be priced low enough to attract a lot of customers, but high enough to cover all costs and provide a profit! Price decisions involve setting prices for goods and services that are acceptable to customers and profitable to the company. Remember, consumers do not buy on the basis of quality only. They compare prices and quality and then choose the best product for their use.

For most products and services there is an acceptable price range that consumers are willing to pay. Think of a price range as the area between the ceiling and floor. The ceiling is the maximum price consumers are willing to pay for the product and the floor is the minimum price that will cover the store's costs and still earn a profit. The marketing manager's job is to set prices within an acceptable price range, while considering the prices charged by competing businesses.

Managers consider certain factors such as supply and demand, discounts, and competition when determining prices. The value or amount of satisfaction received by the customer in relation to the price influences pricing decisions. Price will signal the value of a product or service. From the customer's point of view, the product must be worth the price charged.

Pricing and other parts of the marketing mix should always be pointed toward maintaining or building the image of the business. Customers often judge a business and its goods or services by the prices charged.

The "right price" is the price that is low enough to attract customers but high enough to cover the marketer's cost of doing business and still leave a profit.

COMPETENCY

Identify the importance of having the product at the right price.

QUESTIONS

1. Which marketing mix element involves decisions related to attracting customers and covering the costs of business?

    a. Price
    b. Product
    c. Promotion
    d. Place

2. The area between the maximum and minimum price customers are willing to pay for a product is called its

    a. price range.
    b. fixed price.
    c. price lining.
    d. price setting.

Answers

1. a.
2. a.

COMPETENCY

Identify the importance of having the product at the right price.

INSTRUCTIONAL ACTIVITY

Research project. Contact local businesses to find out how prices are quoted for each of the following items:

(1) Delta Airlines ticket to San Francisco.

(2) Installation of aluminum siding by a local contractor.

(3) A jogging suit from a sportswear retailer.

(4) A concrete sidewalk from a local cement company.

(5) A Sunday advertisement in the local daily newspaper.

ORGANIZATION FOR MARKETING

List the principles and processes of planning.

Identify the steps to plan and organize work.

State the importance of forecasting future sales in planning for budgets and scheduling work.

Identify how to set selling goals.

Identify ways to organize the sales staff.

State the importance of job definition and delegation of authority.

Identify the role of the supervisor.

Identify the importance of communication and leadership styles.

State the purpose of management by objectives.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

List the principles and processes of planning.

PERFORMANCE OBJECTIVE

The student will be able to list the principles and processes of planning as it relates to operations.

INSTRUCTIONAL ACTIVITIES

1. Discuss the principles of planning.
2. Discuss each step in the planning process.
3. Discuss the components of the operational planning sheet.
4. Discuss the following situation:
   You manage the only men's clothing shop in your city. Customers often come in to talk and sometimes you waste an entire day. When reports are due, you must work from early evening to dawn to make deadlines. How can this situation be avoided?

INSTRUCTIONAL MATERIALS/RESOURCES

American Institute of Small Business. **How to Set Up Your Own Small Business,** p. 50-55.
Burke and Bittel. **Introduction to Management Practices,** Chapter 2.

EVALUATION

Given class discussion, the student will be able to list the principles and processes of planning as they relate to marketing operations.

COMPETENCY

List the principles and processes of planning.

INFORMATION SHEET

The Principles of Planning.

1. Plans must be functional--they must be realistic and problem solving.
2. Plans must be flexible--since situations or circumstances change, plans must change.
3. Plans must be specific and achievable.

The Planning Process

Organizations have many different types of plans and each is tailored to meet a specific need. Each plan, however , utilizes the basic process described below after goals are set.

1. Setting objectives · This is the first major step in the planning process. The objective outlines what action is to be taken, by whom, and when the action is to be completed. An objective must be measurable.
2. List all alternatives - Discover ways to reach the objective. List all possible ways even if a few are not realistic.
3. Evaluate each alternative - Review the list that has been devised in step two and prepare to select the best alternative. Weigh the advantages and disadvantages of each.
4. Make a decision - This is the fourth and final step in the planning process. The best alternative must be selected.

Operational Planning

The operational plan differs from many other plans in that some other plans are usually filed and referred to as needed. On the other hand, the operational plan is utilized like a daily calendar. A sample of an operational plan follows.

COMPETENCY

List the principles and process of planning.

QUESTIONS

1. Which of the following is NOT a characteristic of an effective plan?

   a. Flexible
   b. Realistic
   c. Rigid
   d. Specific

2. Which step in the planning process specifies the action to be taken?

   a. Setting objectives
   b. Listing alternatives
   c. Evaluating alternatives
   d. Making a decision

Answers

1. c.
2. b.

COMPETENCY

List the principles and process of planning.

INSTRUCTIONAL ACTIVITY

TRANSPARENCY

An Example of a Planning Worksheet

GOAL: Sell 250 dresses by the end of the fiscal year.

OBJECTIVES:
1. Hire and train an additional salesclerk
2. Increase profit by 2%
3. Expand storage by 2%
4. Seek 300 new customers in 6 months

Priority	Action	Due Date	Person Responsible	Results
2	Place "Help Wanted" Ad	6/10	Sally C.	6/30 - Hired Joan
1	Conduct training	7/6	Susan H.	7/15 -Training complete
2	Study proposed price increase	7/15	George M.	7/25 - Increase Ok'd
3	Obtain estimates on storage	8/5	Jessica A.	8/30 - Contractor hired
4	Order advertising space	9/1	John B.	Postponed

88

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

Identify the steps to plan and organize work.

PERFORMANCE OBJECTIVE

The student will be able to identify the steps to plan and organize work relative to operations.

INSTRUCTIONAL ACTIVITIES

1. Introduce the topic by discussing the planning process.
2. Discuss the steps in planning and organizing relative to operations.
3. Review and discuss the steps in preparing an operational planning sheet.

INSTRUCTIONAL MATERIALS/RESOURCES

The American Institute of Small Business. **How to Set Up Your Own Small Business,** pp. 56-60.

EVALUATION

The student will be able to identify the steps to plan and organize work activities in operations.

COMPETENCY

Identify the steps to plan and organize work.

INFORMATION SHEET

In planning, managers decide what is to be accomplished and how it should be accomplished. Organizing refers to arranging resources, establishing relationships between employees, and defining the responsibility each has for accomplishing the job. After objectives are set, the work load is organized, job assignments are made, then progress is evaluated. These factors make up the steps for planning and organizing work. Managers can plan and organize work simultaneously by preparing an operational planning sheet for use in day-to-day operating activities.

COMPETENCY

Identify the steps to plan and organize work.

QUESTIONS

1. Which of the following is NOT a step in planning and organizing work?

   a. Assigning tasks
   b. Evaluating progress
   c. Selecting alternatives
   d. Setting objectives

2. If you were asked by your supervisor to organize the following workload, which task would you perform first?

   a. Checking tasks completion dates
   b. Prioritizing tasks/assigning responsibility
   c. Deciding what action is to be taken
   d. Setting the general goal

Answers

1. b.
2. d.

COMPETENCY

Identify the steps to plan and organize work.

INSTRUCTIONAL ACTIVITY

Planning Sheet

Preparing the Operational Planning Sheet

1. The first step in preparing an operational planning sheet is to set a realistic general goal. Write your goal in the space provided.

2. Write in the objective required to reach your goal.

   The form should look like this one at this point:

   GOAL: To increase the number of customers by 200 in 90 days.

   OBJECTIVES: 1. Increase sales by 3% in 120 days.
   2. Increase the number of charge card holders by 5%.

3. The next step is to list the action or tasks that must be performed to complete each objective. Also, list the person responsible for carrying out the action or tasks.

Priority	Action (Task)	Due Date	Person Responsible	Results
	Print brochure describing credit benefits		John R.	
	Hold special sale		Susan H.	
	Set table in lobby for credit applications		Sharon	
	Send ad to newspaper		Dorothy	

4. Fill in the date that each task or action should be accomplished.

5. Prioritize the list of actions or tasks by writing a number (1) by the task or action that should be completed first. Write a number (2) by the tasks that should be completed second, etc. In some cases, several items can be completed at the same time.Use the same number for all of these items.

COMPETENCY

Identify the steps to plan and organize work.

INSTRUCTIONAL ACTIVITY continued

Your planning sheet should look like this:

Planning Sheet

GOALS:

OBJECTIVES:

	Priority Action (task)	Due Date	Person Responsible	Results
1	Print brochure describing charge benefits	5/5	John N.	
2	Hold special sale. Set table in lobby to accept charge applications	7/12 7/12	Mary Susan	
3	Send ads to newspaper	8/6	Arthur	
4	Hold sale		Dorothy	
5	Check the number of new card holders		Manager	

6. Fill in the results or progress column as each task is completed.

Planning Sheet

	Priority Action (task)	Due Date	Person Responsible	Results
1	Print brochures describing shopping and charge benefits	5/5	John W.	completed
2	Hold special sale	7/12	Mary H.	delayed

COMPETENCY

Identify the steps to plan and organize work.

INSTRUCTIONAL ACTIVITY continued

	Priority Action (task)	Due Date	Person Responsible	Results
2	Set table in lobby to accept charge applications	7/12	Susan B.	delayed
3	Send ad to newspaper	8/6	Arthur	completed
4	Hold sale	8/15	Dorothy	completed on time
5	Check number of new cardholder	8/30	Manager	reached goal

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

State the importance of forecasting future sales in planning for budgets and scheduling work.

PERFORMANCE OBJECTIVE

The students will be able to state the importance of forecasting future sales in planning budgets and scheduling work.

INSTRUCTIONAL ACTIVITIES

1. As a stimulator discuss the following situation:
   Assume that you own a dress boutique. You operate on two seasons. At the beginning of each new season, you personally visit the markets and buy dresses. You seldom, if ever, are able to sell your dresses at the regular price. Do you have a problem? If so, explain.
2. Discuss the contents of the Information Sheet.

INSTRUCTIONAL MATERIALS/RESOURCES

Fairchild. **Essentials of Retailing,** Chapter 2.

EVALUATION

The student will be able to state the importance in writing of forecasting future sales volume in planning for budgets and scheduling work.

COMPETENCY

State the importance of forecasting future sales in planning for budgets and scheduling work.

INFORMATION SHEET

In addition to and in combination with other types of plans, a sales plan must also be developed. The sales plan is usually completed in the form of a merchandise budget, which shows inventory projections and other elements needed to implement the sales plan.

The merchandise budget provides management with information as to both short range and long range needs for financial resources. It provides tools for scheduling work and evaluating performance as well as means of control.

There are five (5) factors that must be considered in producing a merchandise budget:

1. The budget must be planned well in advance of the effective date. Retailing organizations spend the majority of their time reviewing the past, operating in the present, and planning for the future.

2. Planning periods must be small enough to be manageable. The major budget planning is usually done six months in advance. Retailers normally operate with two seasons rather than four. These two periods are spring, February 1 through July 31, and fall, August 1 through January 31.

3. The budget planner must be objective and realistic. The budget planner must realize that mistakes as well as successes occur and in forecasting the future projections are not always accurate due to environmental influences.

4. The budget must allow for changes. Continual evaluation must be carried out and if change is needed, provisions must be made in the merchandise plan.

5. Those responsible for implementation of the merchandise plan must be involved in the planning. If the various managers are going to be held accountable for production, planned stock, and sales volume, then managers should be allowed to assist with the planning. If they have input, the more highly motivated they will be toward accomplishing the objectives.

In planning the budget, the first element to be considered is the sales forecast. Forecasting sales is difficult and unscientific. A good sales forecaster recognizes the need for a budget that is as nearly accurate as possible, and one that takes into consideration the external and internal environmental influences that may affect projections.

COMPETENCY

State the importance of forecasting future sales in planning for budgets and scheduling work.

QUESTIONS

1. Why should managers become involved in planning for a merchandise budget?

   a. To relieve upper level managers
   b. Involvement serves as a motivator
   c. They have more expertise than upper management
   d. To become familiar with the planning process

2. Which of the following is NOT a factor to be considered in producing a merchandising budget?

   a. Advance planning
   b. Objectivity and realistically
   c. Flexibility
   d. Fringe benefits

Answers

1. b.
2. d.

97

COMPETENCY

State the importance of forecasting future sales in planning for budgets and scheduling work.

INSTRUCTIONAL ACTIVITY

Paul E. Esther, marketing director of a St. Louis garden tool manufacturer, is in the process of choosing one of five new retail display racks. Esther is considering four major factors: promotional appeal, maximum display inventory, cost, and convenient size. He has scored each display design on a scale ranging from 1 (poor) to 5 (excellent) for each decision factor. Langston's ratings are as follows:

	Evaluative Criteria: Decision Factors			
Alternatives	**(A) Promotional Appeal**	**(B) Maximum Inventory**	**(C) Cost**	**(D) Convenient Size**
Display rack 1	5	3	3	4
Display rack 2	4	4	1	5
Display rack 3	3	5	5	2
Display rack 4	3	3	5	3
Display rack 5	5	5	1	5

Questions to answer.

1. Which dispaly will Esther select if he uses an overall total as the selection method?

2. Would your selection change if Esther decides to use the least expensive design as the selection method?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

Identify how to set selling goals.

PERFORMANCE OBJECTIVE

The student will be able to identify how to set selling goals.

INSTRUCTIONAL ACTIVITIES

1. Discuss the purpose of selling goals.
2. Discuss methods of setting selling goals.
3. Assign the Information Sheet for class discussion.

INSTRUCTIONAL MATERIALS/RESOURCES

Fairchild. **Essentials of Retailing**, Chapter 2.

EVALUATION

Given class discussion, the students will be able to identify how to set selling goals in writing.

COMPETENCY

Identify how to set selling goals.

INFORMATION SHEET

Every organization employing salesworkers keeps records of the sales made by each salesworker. These records are used to measure employee performance and the organization's progress toward a predetermined goal. Selling goals vary from one organization to another and many organizations may use a combination of approaches to set goals. Two (2) basic approaches are described below.

1. Sales Volume

   This approach requires the salesperson to produce a predetermined percentage increase over the previous year. For example, an organization may require a salesperson to increase this year's sales 10% over last year's sales. This approach is widely used but it has disadvantages. Factors beyond the control of the salesworker may occur creating a poor impression of the salesworker.

   A few uncontrollable factors may be:

   1. A salesworker working in new territory.
   2. A salesworker may have difficulty obtaining a product that customers want.
   3. A salesworker may be working in an area that is involved in a depression.

2. Quota

   The quota approach refers to the amount of sales a salesworker is expected to make in a given period of time. In establishing a quota, certain factors are taken into consideration.

   1. The past sales record of a territory.
   2. The number of potential and actual customers in a territory.
   3. The demand for a product.
   4. The competition.
   5. The economic trends.

   There are numerous ways of establishing quotas. Some organizations use an average of the previous three years' sales in each territory as a guide in establishing the quota for each territory.

COMPETENCY

Identify how to set selling goals.

QUESTIONS

1. One approach for establishing selling goals is biased because

   a. it does not allow for uncontrollable factors.
   b. it requires a percentage based increase over the previous year's sales.
   c. the salesworker may be classified as efficient.
   d. it allows for economic depressions in an area.

2. Which of the following is NOT a factor to be considered in establishing a quota?

   a. Potential customers
   b. Product demand
   c. Economic trends
   d. Salesworker's attitude

Answers

1. a.
2. d.

COMPETENCY

Identify how to set selling goals.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion:

The Edwards Shoe Store is now selling for $24 a pair a certain style of shoe that costs $14.40. The owner thinks that if the selling price were reduced slightly more sales and more profits might be made since the operating expenses would not increase. The store has sold an average of 30 pairs daily.

Questions to answer.

1. If the selling price is reduced by 10 percent, how many more pairs of shoes must be sold to earn the same amount of gross profit?
2. Do you believe that the operating expenses will remain the same? Explain your reasons.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

Identify ways to organize the sales staff.

PERFORMANCE OBJECTIVE

The student will be able to identify ways to organize the sales staff as it relates to types of selling.

INSTRUCTIONAL ACTIVITIES

1. Introduce the topic by asking students to name sales representatives or companies that they have had contact with in their homes.
2. Discuss the types of selling as they relate to organizing the sales staff.
3. Have students select a product and write a paragraph describing the best type of selling for that product.

INSTRUCTIONAL MATERIALS/RESOURCES

Kossan. **Creative Selling**, 2nd edition, Chapter 3.
Key and Cushman. **Essentials of Retailing**, Chapter 4.

EVALUATION

The student will be able to identify in writing ways to organize a sales staff as it relates to types of selling.

COMPETENCY

Identify ways to organize the sales staff.

INFORMATION SHEET

The sales staff is organized chiefly with regard to the product, the type of selling required to distribute the product, and the channel of distribution to be used. The type of selling required to move the product is the main determinant. Common types of selling are discussed below.

In-Store Selling

Retailers generally fall into this category. Salespersons are assigned to a particular department. Each department has a manager who reports to plan and evaluate performance. Most retail sales takes place in a store where customers can look at, feel, and touch the products.

Direct-to-the-Home Selling

This approach to selling requires the salesperson to visit customers' homes. Few retailers use this approach. Most direct-to-the-home selling is done by salesworkers working for companies that specialize in that area of selling. Avon is a good example of direct-to-the-home selling. The Avon salesworker seeks out customers, then calls on them in their homes to make presentations.

Salesworkers are usually organized by geographical districts. Each district has a manager. All managers report to a regional manager and each regional manager is supervised by the national manager.

Route Selling

Route salespersons are usually assigned much like letter carriers. They have a specified area to cover on a regular schedule. Good examples of route selling are bread and milk delivery persons. Route salespersons are also supervised by a territorial manager. The territorial managers are supervised by regional managers and regional managers are supervised by national and international managers. In stores, route salespersons put up displays, arrange fresh goods on store shelves, and remove stale products. They are required to fill out daily call sheets and sales reports.

Trade Show and Convention Selling

A trade show is a group of exhibits or showrooms. A convention is a program of speeches and discussion, sometimes featuring a group of exhibits or showrooms. Trade shows usually produce more customers, but both conventions and trade shows produce prospective customers who can be contacted later. Trade show selling is a common approach for industrial and wholesale merchants. Trade shows can be regional, national or international. Educational products are largely sold through trade shows and conventions.

COMPETENCY

Identify ways to organize the sales staff.

INFORMATION SHEET continued

Telephone, Mail Order, and Product Line Selling

Telephone, mail order, and product line selling is usually organized geographically or alphabetically. These methods are used in retail, wholesale, and industrial selling.

COMPETENCY

Identify ways to organize the sales staff.

QUESTIONS

1. Which type of selling is used mostly by retailers?

   a. In-store
   b. Route
   c. Direct-to-home
   d. Convention

2. Which type of selling is used mainly by wholesalers and industrial organizations?

   a. Mail order
   b. In-store
   c. Telephone
   d. Trade show

Answers

1. a.
2. d.

COMPETENCY

Identify ways to organize the sales staff.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion:

The Rose Nursery sells plants and shrubbery at wholesale prices to retail nurseries, garden stores, and garden departments of variety and department stores. The firm grows most of its plants on its 60 acres of land. It sends price lists to its customers twice a year -- March 1 and June 15.

Questions to answer.

1. How should the nursery staff be organized and how many salespeople should it have?
2. What sales methods would you recommend to the nursery?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

State the importance of job definition and delegation of authority.

PERFORMANCE OBJECTIVE

The student will be able to state the importance of job definition and delegation of authority.

INSTRUCTIONAL ACTIVITIES

1. Define authority and responsibilities.
2. Discuss job definition as related to authority responsibility.
3. Discuss the following:
   What problems are likely to result when responsibilities are assigned to an employee, but the employee is given no authority to carry out the assigned responsibilities?

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management,** Chapter 9.

EVALUATION

The student will be able to state in writing the importance of job definition and delegation of authority.

COMPETENCY

State the importance of job definition and delegation of authority.

INFORMATION SHEET

When a business is operated by one person, there is little need for an organizational chart or assignment of specific duties. When two or more people work together, each can accomplish more work when specific tasks are assigned.

When the obligation to perform certain tasks is assigned, responsibility is assigned. In good organizations, responsibility has to be assigned so that all employees know the tasks which they are responsible for. The process of assigning responsibility is known as job definition, in that employees are made aware of what the job entails.

Authority is the right to make decisions about work assignments and to require other employees to perform assigned tasks. Each employee and each supervisor should know specifically (1) what each job is to accomplish, (2) what the duties are, (3) what authority accompanies the job, (4) who the manager in charge is, (5) who reports to the manager, and (6) what is satisfactory performance. Unless employees' jobs have been specifically defined (job definition), they are not likely to do their best work; furthermore, confusion, disputes, and misunderstanding will result.

COMPETENCY

State the importance of job definition and delegation of authority.

QUESTIONS

1. The assignment of responsibility is unnecessary when

    a. an organization chart exists.
    b. performance is satisfactory.
    c. duties are known by employees.
    d. one person performs all the duties.

2. Which term below describes the right to make decisions?

    a. Responsibility
    b. Accountability
    c. Manageability
    d. Authority

Answers

1. d.
2. d.

COMPETENCY

State the importance of job definition and delegation of authority.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Place each of the following job qualities on separate slips of paper or cards:

Pleasant work area	Good pay
Interesting tasks	Responsibility
Fair work rules	

Ask five adults who have been working full time for at least one year to arrange the slips in order of importance to them. Place the most important item on the far left. Next to it on the right should be the item of second importance. Continue until the least important item is on the far right. Make a record of which item was first, second, third, fourth, and fifth. After five people have responded, summarize the results and share with the class.

Questions to answer.

1. Is higher pay always a motivating factor?
2. How do your respondents describe responsibility?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

Identify the role of the supervisor.

PERFORMANCE OBJECTIVE

The student will be able to identify the role of the supervisor.

INSTRUCTIONAL ACTIVITIES

1. Introduce the topic by discussing the student activities.
2. Hold a discussion on the contents of the Information Sheet.
3. Assign the Student Activity for class work.

INSTRUCTIONAL MATERIALS/RESOURCES

Mathisen. **Apparel and Accessories,** Chapter 7.

EVALUATION

Given class discussion and examples, the student will be able to identify the role of the supervisor in writing.

COMPETENCY

Identify the role of the supervisor.

INFORMATION SHEET

The supervisor is a manager, though job definitions may vary from organization to organization. Supervisors in small organizations will have more varied responsibilities than those in large organizations because the larger the organizations, the greater the tendency to have specialization of duties. Regardless of the size of the organization, however, there are certain duties for which most supervisors are responsible. One of these is to counsel the employees. The supervisor provides encouragement, guidance, and direction. Major responsibilities of the supervisor include scheduling work and working hours, evaluating job performance, giving orders, controlling expenses, and handling and caring for equipment and supplies. In general, the supervisor is responsible for the total operation within his or her assigned department.

COMPETENCY

Identify the role of the supervisor.

QUESTIONS

1. John did not report for work today or call to say that he wouldn't be in. As the supervisor, what should you do first?
    a. Call John. He may be ill.
    b. Call someone to replace John first.
    c. Write him a warning letter.
    d. Plan to fire him when he shows up.
2. As a department supervisor, which of the following is NOT one of your major responsibilities?
    a. Planning and organizing work
    b. Developing the organization's objectives
    c. Supervising employees
    d. Developing the departments objectives

Answers

1. b.
2. b.

COMPETENCY

Identify the role of the supervisor.

INSTRUCTIONAL ACTIVITY

Assume you supervise the china department of Macy's Department Store, and the following situations occur. How would you handle each?

1. John needs a haircut. You have suggested to him that he needs one.

2. Susan is one of your best workers; she has young children and needs extra money. Whenever the budget permits, you have allowed her to work overtime. Marie, one of your trifling workers, has confronted you about allowing Susan the overtime.

3. Mac is fidgety. He is always stretching rubber bands, straightening paper clips, and last week he broke three plates.

4. Mrs. James, a regular customer, came in to purchase some items. She had forgotten her checkbook and her charge card. Marie called the accounting department and was given the charge account number. As a result, she allowed Mrs. James to take the items with her. The accounting department failed to tell Marie that Mrs. James' credit privileges had been suspended. Marie cannot remember who she talked with in the accounting department. Who is at fault? As the supervisor what should you do?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

Identify the importance of communication and leadership styles.

PERFORMANCE OBJECTIVE

The student will be able to identify the importance of communication and leadership styles.

INSTRUCTIONAL ACTIVITIES

1. Discuss communication as it relates to leadership styles.
2. Have students to identify prominent people having successful styles of leadership.

INSTRUCTIONAL MATERIALS/RESOURCES

Mathisen. **Apparel and Accessories,** Chapter 7.
Everard and Burrow. **Business Principles and Management,** Chapter 6.

EVALUATION

The student will be able to identify the importance of communication and leadership styles in writing.

COMPETENCY

Identify the importance of communication and leadership styles

INFORMATION SHEET

Communication deals with the way a message is transmitted to a person and the way that message is received. All communications include these common elements:

1. Sender - the person who sends the message
2. Message - what is said
3. Medium - how the message travels to the receiver
4. Receiver - the person who receives the message
5. Feedback - the signals of message sent back to the sender.

Effective communication is a two-way process. When the sender sends a message and the feedback is adequate and appropriate, the communication is two-way and effective. Ineffective one-way communication occurs when the sender sends a message and a feedback from the receiver is inadequate or inappropriate. Fewer problems occur in communicating when there is an understanding of leadership style and communication methods match the style of the leader. Leadership style refers to the manner in which a manager gives directions, handles problems, and makes decisions. The manager's background, personality, and beliefs about employees are factors affecting leadership style. Leadership styles have been placed in the following three categories:

Autocratic Style

The autocratic leader gives clear, direct, and precise orders with detailed instructions on how, when, and what work is to be performed. Employees do not make decisions about the work being performed. The autocratic leadership style is efficient. It is extremely effective in emergency situations, but it should not be used all of the time. An effective leader knows when to use this style. The major disadvantages are:

1. Human relations and communication problems may occur because employees like to take part in the decision-making process.
2. Employees lose interest in their work; quantity and quality declines.

Democratic Style

The democratic leader encourages the workers to share in the making of decisions about work-related problems. Managers discuss solutions with employees rather than merely announcing decisions. Workers who are allowed to participate in making decisions are more motivated to carry them out. These workers need less control and supervision. This style is effective when workers have the knowledge needed to perform their jobs. Certain disadvantages do exist:

1. Workers do not like to be consulted on unimportant matters only.
2. Many jobs are routine allowing little need for worker input.
3. The democratic style is time consuming.

COMPETENCY

Identify the importance of communication and leadership styles.

INFORMATION SHEET continued

Open Style

The open style of leadership is one in which the manager gives little or no directions. Details and decisions are left to each individual. The open style works best with experienced workers in business. The shortcoming of this style is that it may lead to confusion, and a lack of management direction results.

COMPETENCY

Identify the importance of communication and leadership styles.

QUESTIONS

1. Which of the following influences a manager's leadership style?

    a. Attitude of the workers
    b. Personality of the manager
    c. Type of work performed
    d. Location of work place

2. When communication is effective and matches the style of the leader,

    a. misunderstandings have occurred.
    b. two-way communication has taken place.
    c. the democratic leadership style has been utilized.
    d. the autocratic leadership style has been utilized.

Answers

1. b.
2. b.

COMPETENCY

Identify the importance of communication and leadership styles.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Look at the following list of manager characteristics. Show five adult workers these ten items and ask them to select the five most important. Summarize the findings into a report and share it with the class.

Characteristics that Managers Should Have

1. Encourages employees to share in the decision-making process
2. Informs employees honestly in good or bad situations
3. Keep morale high
4. Is easy to talk to
5. Trains and develops employees
6. Communicates effectively with employees
7. Is thoughtful and considerate
8. Is willing to make needed changes
9. is supportive of employees when mistakes are made
10. Communicates appreciation for a good job.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ORGANIZATION FOR MARKETING

COMPETENCY

State the purpose of management by objectives.

PERFORMANCE OBJECTIVE

The student will be able to state the purpose of management by objectives.

INSTRUCTIONAL ACTIVITIES

1. Discuss purposes of performance measurements.
2. Define and discuss MBO and its advantages.
3. Have students practice MBO in class situations.

INSTRUCTIONAL MATERIALS/RESOURCES

Lowry. **Retail Management**, Chapter 6.

EVALUATION

Given class discussion and examples, the student will be able to state the purposes of MBO in writing.

COMPETENCY

State the purpose of management by objectives.

INFORMATION SHEET

Evaluation systems serve two purposes. They assess an employee for promotions, salary increases, and other assignments. Evaluations are also used to inform an employee of the areas where improvements are necessary. Various methods are used to evaluate employee performance. One such method is management by objectives, also called MBO.

MBO requires the employee to establish objectives consistent with those of the organization. The employee lists the steps that will be needed to meet the objectives. The objectives and the proposed steps are discussed with the supervisor and modified until they are acceptable by both parties. Progress is monitored periodically, and at the end of the evaluation period the employee and supervisor appraise the employee's efforts to meet the objectives. Advantages of MBO are:

1. It allows employees to measure their performance relative to predetermined goals.
2. Supervisors become more supportive of the employee's efforts to achieve their goals.
3. Training programs can be developed that assist the employees in achieving their goals.
4. It permits an employee to be evaluated against his or her own performance rather than against the performance of others.

COMPETENCY

State the purpose of management by objectives.

QUESTIONS

1. A method of measuring performance which requires the employee to write objectives is called

    a. peter principle.
    b. critical incident method.
    c. graphic rating scale.
    d. management by objectives.

2. Which of the following is an advantages of MBO?

    a. The employee has input into his/her appraisal
    b. The employee is rated by peers contributing to objectivity
    c. Employees are ranked from strongest to weakest points which is a simple technique to use.
    d. The supervisor sets the goals which is a timesaver for the employees

Answers

1. d.
2. a.

COMPETENCY

State the purpose of management by objectives.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Jake Smith has operated a small general store in the resort village of Splitwood for over twenty years. The store is packed with all sorts of merchandise; in fact, so much that Jake doesn't know where to put new merchandise.

Questions to answer.

1. What reasons would you give Jake for introducing a system of MBO?
2. How would you go about setting up a merchandise plan for this general store?

MANAGING THE MARKETING PLAN

State the nature of marketing planning.

Explain the concept of marketing strategies.

Identify target markets.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING THE MARKETING PLAN

COMPETENCY

State the nature of marketing planning.

PERFORMANCE OBJECTIVE

Given instruction on the planning function of management, the student will be able to explain the nature of planning to include setting objectives, discussing and evaluating alternatives, and making decisions.

INSTRUCTIONAL ACTIVITIES

1. Define planning in relation to management functions.
2. Discuss setting goals-long and short-term.
3. Explain six planning tools used by management: budgets, schedules, standards, policies, procedures, and research.
4. Student Activity - Assume you and a friend plan to open a laundromat with 12 washing machines and 4 dryers. Write several policies that will help you plan the running of the business.

INSTRUCTIONAL MATERIALS/RESOURCES

Warmke, Palmer, and Nolan. **Marketing in Action**, 8th edition, Chapter 18.
Everard and Burrow. **Business Principles and Practices**, 8th edition, Chapter 24.

EVALUATION

The student will explain in writing the nature of planning as it relates to the management.

COMPETENCY

State the nature of marketing planning.

INFORMATION SHEET

Planning can be defined as setting goals and devising specific activities, procedures, and schedules for meeting the goals. Planning is the process of selecting and defining specific objectives and of devising concrete courses of action to achieve the objectives. The planning process involves four steps: (1) setting objectives, (2) discovering alternate ways to reach objectives, (3) evaluating the alternatives, and (4) making decisions. Planning means deciding what needs to be done and how it is to be done. The first and most important step in management is planning.

SETTING GOALS - Goals that are clearly established and properly communicated to employees stand the best chance of being reached. Well defined goals or objectives provide a basis on which managers can organize, lead, and control their departments or companies successfully. Goals must be specific and meaningful. They should also be clear and should be coordinated with each other.

Long-term goals are developed to cover a period beyond one year, and short-term goals are for one year or less. The planning process moves from long-term broad goals to short-term specific goals.

PLANNING TOOLS - There are several tools that help managers plan. These tools not only make planning easier, but if used correctly, should result in better plans for the company. Following is an explanation of management tools.

BUDGETS - The most popular planning tool is the budget. Managers use financial budgets to determine the best way to use available money to reach goals. Financial budgets, such as sales and advertising budgets, are especially helpful in planning ways to achieve short-term goals.

SCHEDULES - Schedules are of value in planning for the most effective use of time. For most business purposes, a schedule is a time plan for reaching objectives. Schedules identify the tasks to be completed and the approximate time required to complete the tasks.

STANDARDS - A standard is a yardstick or a measure by which something is judged. Standards are set to ensure that the quality of work completed is always acceptable.

POLICIES - Policies are guidelines used in making decisions regarding specific recurrences. A policy is often a general rule to be followed by business employees. Policies help to reduce misunderstandings and encourage consistent decisions for similar conditions.

PROCEDURES - A procedure is a list of steps to be followed for performing certain work. For routine tasks, procedures improve business efficiency and are of special help to employees who are learning a new job.

COMPETENCY

State the nature of marketing planning.

INFORMATION SHEET continued

RESEARCH - Research is used to collect data for managers and to provide the information needed to improve their planning decisions. The most familiar type of marketing research is the analysis of market demand.

Planning is the key to marketing success. Marketing is future-oriented in nearly all its aspects; decisions must be made today if a firm is to have the products, promotion, and distribution methods needed for tomorrow.

COMPETENCY

State the nature of marketing planning.

QUESTIONS

1. Which of the following identifies a task to be completed by a department or individual and the approximate time required to complete each task?

   a. Policies
   b. Budgets
   c. Standards
   d. Schedules

2. The first and most important management function is

   a. planning.
   b. organizing.
   c. leading.
   d. controlling.

Answers

1. d.
2. a.

129

COMPETENCY

State the nature of marketing planning.

INSTRUCTIONAL ACTIVITY

Assign the followng for class discussion.

1. Name a product or service that is usually sold by only one business in a medium sized city.

   Why is there only one seller of that product or service?

   How would consumers be affected if there were several sellers of the product or service?

2. Name a product or service which you buy regularly that is usually sold by several business firms.

   Why is this product or service sold by a number of business firms instead of only one?

   What is the highest price charged for this product or service?

   What is the lowest price?

   Do you usually buy the product or service from the business offering the lowest price? Why?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING THE MARKETING PLAN

COMPETENCY

Explain the concept of marketing strategies.

PERFORMANCE OBJECTIVE

Following a discussion on the functions of the marketing plan, the student will be able to explain the concept of marketing strategies, to include a discussion of market selection, product mix, pricing, and marketing mix.

INSTRUCTIONAL ACTIVITIES

1. Define marketing plan and list its main parts.
2. Discuss the importance of a marketing plan.
3. Explain that basic marketing strategy concentrates on (1) market selection, (2) product mix, (3) pricing, and (4) the marketing mix.
4. Explain four kinds of market information that must be evaluated when determining market strategy: (1) knowledge of the product or service, (2) demand for the product or service, (3) buying habits of prospects, and (4) appeals to be made.

INSTRUCTIONAL MATERIALS/RESOURCES

Warmke, Palmer, and Nolan. **Marketing in Action,** 8th edition, Chapters 17, 18.
Mason et al. **Marketing Principles and Practices**, 3rd edition, pp. 368-71.

EVALUATION

The student will define a marketing plan and explain the concept of marketing strategies.

COMPETENCY

Explain the concept of marketing strategies.

INFORMATION SHEET

The marketing plan is a detailed description of all marketing activities that a business must accomplish in order to sell a product. It describes the goals a business wants to accomplish, the target markets it wants to serve, and the marketing mix it will use. The marketing plan is written for a specific time period (usually one year).

The main parts of the marketing plan are known as the analysis of the situation (where the product or service is now); the objectives (goals for the product at some point in the future); and the marketing strategy, which outlines the marketing mix the company will use to achieve the objectives.

A company cannot hope to succeed simply by manufacturing its products and putting them on the market. The best way a company can be sure that it is doing all it can for successful marketing is through the use of a marketing plan.

BASIC MARKETING STRATEGIES - A basic marketing strategy concentrates on market selection, product mix, pricing, and the marketing mix.

MARKET SELECTION - A market can be very specific or it can be very broad. A key part of the marketing plan is a statement of the target markets the company will compete in. The chief characteristic of a market that makes it attractive is that it contains enough unsatisfied demand to allow a company to sell a product at such a price and in sufficient quantities to make a profit.

PRODUCT MIX - A product mix is a combination of offerings to segments of different markets that will be profitable to the company.

PRICING - Market demand controls the prices of products: if consumers will not buy at a given price, producers will lower their price until buying starts. Prices are adjusted to market demand as determined by actual sales and by market research. Prices are also adjusted to maintain a competitive position. Buyers consider many elements in deciding on the specific product to buy, but a slight advantage in price may be sufficient to give one company a significant edge over competitors.

MARKET MIX - The object is to find the right combination of price and promotion costs (the marketing mix) that will produce maximum profits for the company. The marketing mix is the core of any company's marketing system. It is a blending of product or service, price, promotion, and place decisions.

Although each market segment calls for a different marketing strategy, there are some kinds of market information that are common to all marketers and must be evaluated to determine the total target market. Following are four kinds of market information managers evaluate to determine their target market.

KNOWLEDGE OF PRODUCT OR SERVICE - Marketers study the product's evolution from its beginning, through its development, to its present-day use.

COMPETENCY

Explain the concept of marketing strategies.

INFORMATION SHEET continued

DEMAND FOR THE PRODUCT - Marketers must evaluate business conditions, changes in the demand that result from changing economic conditions, buying power of the target market and in what income group the probable buyers of your product are found.

BUYING HABITS OF PROSPECTS - When marketing foods it is necessary to examine the buying habits of potential customers. Marketers must evaluate when, where, and how much prospects are buying.

APPEALS TO BE MADE - Marketers study goods to determine what appeals can be utilized most effectively in putting the goods on the market. Goods lend themselves to an appeal to the senses, to the emotions, or to the intellect.

COMPETENCY

Explain the concept of marketing strategies.

QUESTIONS

1. Once the objective of a marketing plan has been determined, the next step is to plan the

   a. situation analysis.
   b. goals of the company.
   c. market strategy.
   d. target market.

2. Basic marketing strategy concentrates on all of the following except

   a. pricing.
   b. distribution.
   c. marketing mix.
   d. market selection.

Answers

1. c.
2. b.

COMPETENCY

Explain the concept of marketing strategies.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

1. Select a grocery store item such as coffee, cereal, soup, or jam. Examine the displays of this item in local grocery stores.

Questions to answer.

- a) How many different brands of the item does the store carry?
- b) How many national brands? private brands? generic brands?
- c) How many different sizes or flavors does the store carry in each brand?

2. Identify a fashion item that is currently popular among students in your school.

Questions to answer.

- a) At what step in the fashion cycle is the item?
- b) How long will it remain in this step before it moves to the next one? Discuss with the class.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING THE MARKETING PLAN

COMPETENCY

Identify target markets.

PERFORMANCE OBJECTIVE

Provided instruction on the concept of target markets including age, sex, education, occupation, lifestyle, and income, the student will be able to correctly identify five of the components of a target for a given product.

INSTRUCTIONAL ACTIVITIES

1. Define and explain target markets.
2. Define and explain market segmentation.
3. Identify the means by which a market is segmented e.g. age, sex, education, occupation, life-style, and income.
4. Discuss the role of target markets in relation to a company's marketing plan.

INSTRUCTIONAL MATERIALS/RESOURCES

Hull and Stull. **Marketing: An Introduction**, p. 28.
Warmke, Palmer, and Nolan. **Marketing in Action**, 8th edition, pp. 171-86.
Mason et al. **Marketing Principles and Practices**, 3rd edition, pp. 53-61.

EVALUATION

The student will identify the target market for a selected product. The student will explain the importance of segmentation. The student will explain the importance of identification of target markets.

COMPETENCY

Identify target markets.

INFORMATION SHEET

Target market is defined as a specific group of customers that a company wants to serve. Businesses may have several target markets depending on the different products and services offered for sale. Determining target markets helps marketers sell more efficiently. Can you imagine what it may be like to design just ONE product (for example a car) to meet all customer needs?

Market segmentation is the division of a total market into groups according to customer needs and characteristics. A market may be segmented according to Age, Sex, Education, Occupation, Life-style and Income. Market segmentation attempts and often succeeds in meeting a major goal of the marketing concept. This goal is to offer a product or service distinctly tailored to the customer's wants and needs.

The ultimate objective of any business is the sale of its product or services at a reasonable profit. But sales usually don't just happen, they must be planned. This planning is the responsibility of the marketing managers. When developing these plans, decisions must be made concerning (1) what product or service is to be sold, (2) the target market, (3) channels of distribution, (4) competitive pricing, and finally (5) promotion decisions. These decisions are all incorporated into a comprehensive written document known as the marketing plan. The marketing plan should give as much information as possible about the target market. It should identify the age, income, sex, education, family size, and life-style of the people in the target market.

Identifying the target market for a company's products and services is only one element of the marketing plan. Companies spend a great deal of money and time on market research before they begin to develop products.

Market research is used to identify target markets. A company that has adopted the marketing concept will use research to identify markets before products are developed. The research can help a company determine who the best possible customers are, what their needs are, and where they are located. That information should allow companies to make better production and marketing decisions.

COMPETENCY

Identify target markets.

QUESTIONS

1. A specific group of customers that a company wants to serve is called the
    - a. consumer market.
    - b. market segmentation.
    - c. marketing mix.
    - d. target market.

2. A marketing manager plans, implements, and controls the marketing mix to satisfy the company's
    - a. consumer market.
    - b. industrial market.
    - c. board of directors.
    - d. target market.

Answers

1. d.
2. d.

COMPETENCY

Identify target markets.

INSTRUCTIONAL ACTIVITY

IDENTIFYING TARGET MARKETS

Given the following divisions of market segmentation, describe the target market for a selected product.

SELECTED PRODUCT ______________________________

1. Age

2. Sex

3. Education

4. Occupation

5. Life-style

6. Income

FINANCIAL MANAGEMENT

Identify the nature of budgets.

Prepare and interpret necessary reports for profit and loss statements.

Compute accurate records and reports.

Compute accurate taxes and reports.

Identify available cost reduction techniques.

Identify that seemingly small savings in some expense areas can mean a substantial gain in profits.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

FINANCIAL MANAGEMENT

COMPETENCY

Identify the nature of budgets.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to define a budget and list five types of budgets used by management.

INSTRUCTIONAL ACTIVITIES

1. Identify budgets.
2. List and explain six types of budgets.
3. Explain the administering of budgets.
4. Assign the Think Tank exercise - divide students into small groups to discuss questions related to the study of budgets.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, Chapter 12.

EVALUATION

The student will explain in writing the nature of budgets and their importance to marketing managers.

COMPETENCY

Identify the nature of budgets.

INFORMATION SHEET

A budget is an estimated plan for the future that helps keep expenses in line with income.

TYPES OF BUDGETS

SALES BUDGET - a forecast of the sales for a month, a few months, or a year. A number of factors influence sales estimates. General business conditions can have an important bearing on the sales estimates. Economic trends, population shifts, buying habits, and sales force are among the factors to be used as a guide in preparing a sales budget.

MERCHANDISING BUDGET - a means to plan and control the supply of merchandise to be sold to customers. Too little merchandise can mean valuable cash tied up that could be better used elsewhere. Also, excess merchandise has to be stored, protected, and insured. These expenses add to the cost of doing business, therefore, it is important to properly manage the purchase of merchandise in relation to sales.

ADVERTISING BUDGET - a plan for the amount of money a firm should spend for advertising based on estimated sales. An advertising campaign can increase sales of a certain product and as a result, have an influence on the sales budget.

CASH BUDGET - an estimate of cash income from cash payments and all sources. Budgeting cash is a matter of making certain there is enough cash available to meet payments as they come due. Cash comes from either or both of two sources: (1) from the income of the business, or (2) from borrowing.

CAPITAL BUDGET - a financial budget for replacing fixed assets or acquiring new ones. Capital budgeting is important because large sums of money are tied up for long periods of time.

INCOME STATEMENT BUDGET - a plan showing projected sales, costs, and individual expense figures for a future period, such as for one month, three months, or a year. The projected total sales, less total projected costs and expenses, permits a business to estimate its net profit.

ADMINISTERING THE BUDGET

A budget is an estimate and cannot be followed exactly in business. Elements of a budget can be adjusted if sales increase was more than expected amount. Also, amounts set for the merchandising and purchasing budgets can be reduced if sales decrease more than what was anticipated. Business operations should be checked periodically to determine whether the budget is being followed. If the budget is not being followed closely enough to insure a profit, it may be necessary to reduce some items of expense or to find new ways of promoting business.

The use of budgets cannot guarantee the success of a business, but these management planning tools can help reduce losses or increase profits.

COMPETENCY

Identify the nature of budgets.

QUESTIONS

1. A budget is an estimated plan for the future that helps keep expenses in line with

   a. capital.
   b. borrowing.
   c. cash flow.
   d. income.

2. Of the following planning tools, which one assists managers in determining the best way to use available money for each goal?

   a. Work schedules
   b. Financial budgets
   c. Objectives
   d. Policies

Answers

1. d.
2. b.

COMPETENCY

Identify the nature of budgets.

INSTRUCTIONAL ACTIVITY

What should the use of a budget achieve?

List six types of budgets that are a part of the final overall budget for a business.

Is a budget ever changed after it has been prepared? Explain.

Why must the production manager know the estimated sales budget?

Explain why the advertising budget should be prepared at the same time that the sales budget is prepared.

Of what value is it for a business to compare budgeted amounts with actual amounts?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

FINANCIAL MANAGEMENT

COMPETENCY

Prepare and interpret necessary reports for profit and loss statements.

PERFORMANCE OBJECTIVE

Given financial data of a business - revenue and expenses, the student will be able to prepare and interpret a profit and loss statement.

INSTRUCTIONAL ACTIVITIES

1. Define profit and loss statement.
2. Define revenue.
3. Define expenses.
4. Provide examples of profit and loss statements.
5. Provide students with financial data necessary to prepare profit and loss statement.
6. Discuss the value of data on a profit and loss statement.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Practices**, 8th edition, pp. 248-52.

EVALUATION

The student will compute, prepare, and interpret a profit and loss statement for a given business.

COMPETENCY

Prepare and interpret necessary reports for profit and loss statements.

INFORMATION SHEET

A profit and loss statement is a financial document that reports total revenue and expenses for a specific period of time, such as a month or a year. A profit and loss statement is also known as an income statement.

Profit and loss statements have three major parts:

(1) Revenue - income earned for the period, such as from the sale of goods and services.
(2) Expenses - all costs incurred that helped to earn the revenue.
(3) Profit or Loss - the difference between total revenue and total expenses.

A business makes a profit when the revenue is greater than expenses. The income statement shows a picture of success or failure (profit or loss) for a specified period of time.

Managers can learn a great deal about the business from examining the income statement. By comparing the income statement from previous months or years, the manager can determine the direction of the business.

EXAMPLE OF PROFIT AND LOSS STATEMENT

CREATIVE CRAFT CORNER
Income statement for the year ended December 31, 19__

Revenue			
Sales		$99,600	
Less sales return		3,600	
Net sales			
Cost of goods sold			$96,000
Purchases	$87,000		
Less purchases returns	1,500		
Net purchases	$85,500		
Less merchandise inventory, December	21,000		
Cost of goods sold			64,000
			$31,500
Gross profit on sales			
Operating expenses			
Salary expense	$13,500		
Rent Expense	10,800		
Bad debt expense	1,800		
Advertising expense	1,650		
Buying expense	1,350		
Depreciation expense (equip.)	960		
Other expenses	4,800		
Total operating expenses			$34,860
Net loss			3,360

COMPETENCY

Prepare and interpret necessary reports for profit and loss statements.

QUESTIONS

1. Revenue, expenses, and profit and loss are three major parts of

   a. profit and loss statement.
   b. cash flow statement.
   c. financial data.
   d. accounts payable.

2. Compute profit or loss for a business whose revenues are $1,800 and expenses are $1,638.

   a. $162
   b. $172
   c. $3,438
   d. $3,448

Answers

1. a.
2. b.

COMPETENCY

Prepare and interpret necessary reports for profit and loss statements.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Carla and Juan Lopez have been making leather-type items, such as belts, purses, and wallets, for several years in their home as a hobby. They have sold many items to friends and neighbors. Because Juan has just lost his regular job, he and Carla have decided to go into business full time making leathercraft items. The items will be sold to retailers and, perhaps later, to wholesalers. A great deal of money will be needed, some of which they have saved. Both agree that they know a great deal about how to make leather items but neither knows a great deal about financial matters.

Carla believes they should hire a consultant before they do anything else to start the business. Juan, on the other hand, believes they should go to a bank to borrow as much as they can and "then set up shop." "After the business is under way, we can hire an accountant." Juan does not believe the consultant will know enough about the leather business to give advice and "besides," he adds, "consultants are too expensive."

Questions to answer.

1. Do you agree with Carla or Juan on the subject of the consultant? Explain.
2. Are there other sources of business information, such as the Small Business Administration, that could help Carla and Juan? Research the costs in your area for business consultants.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

FINANCIAL MANAGEMENT

COMPETENCY

Compute accurate records and reports.

PERFORMANCE OBJECTIVE

Given asset and liability data of a business, the student will be able to prepare a balance sheet for a business.

INSTRUCTIONAL ACTIVITIES

1. Define balance sheet.
2. Define assets.
3. Define liabilities.
4. Define owner's equity.
5. Provide examples of a business' balance sheet.
6. Activity sheet for students to compute a balance sheet.

INSTRUCTIONAL MATERIALS/RESOURCES

Meyer et al. **Retailing Principles and Practices**, 7th edition, pp. 575-77.
Everard and Burrow. **Business Principles and Practices,** 8th edition, pp. 245-52.

EVALUATION

Given class discussion and information, the student will prepare a balance sheet for a given business.

COMPETENCY

Compute accurate records and reports.

INFORMATION SHEET

A balance sheet is a summary of the financial status of a business at a particular time. The balance sheet lists the assets, liabilities, and owner's equity of a business.

Assets are items of monetary value that a business owns, such as cash, buildings, money owed to a business, and the value of merchandise on hand.

Liabilities are things owed by the business--the debts of a business.

Owner's equity is the difference between what an owner has put into the business and what has been taken out - the difference between the assets and the liabilities of the business. The balance sheet can be represented by the equation, Assets = Liabilities + Owner's Equity.

EXAMPLE OF A BALANCE SHEET

Creative Craft Corner

BALANCE SHEET

ASSETS		LIABILITIES	
Cash	$1.401.60	Accounts payable	$8,694.36
Accounts receivable	446.01	Notes payable	6,000.00
Merchandise inventory	$21,000.00	Total liabilities	$14,694.36
Supplies	246.75		
Store equip. and fixtures	3,840.00	OWNER'S EQUITY	
		Alison Rodrequez and Phyllis Marx,	
		Capital January 1, 19--	$30,000.00
		Net loss	$3,360.00
		Drawing account	-14,400.00
		Total owner's equity	$12,240.00
Total	$26,934.36	Total Liabilities and owner's equity	$26,934.36

COMPETENCY

Compute accurate records and reports.

QUESTIONS

1. A report that represents a summary of the financial status of a business at a particular time is called the

   a. balance sheet.
   b. owner's equity.
   c. assets.
   d. liabilities.

2. The equation: assets = liabilities + owners equity is used to prepare a

   a. balance sheet.
   b. income statement.
   c. tax report.
   d. profit and loss statement.

Answers

1. a.
2. a.

COMPETENCY

Compute accurate records and reports.

INSTRUCTIONAL ACTIVITY

Balance Sheet

Use the following items to prepare a balance sheet dated today for the ABC Corporation.

Cash	$ 5,000
Accounts Receivable	$ 8,000
Merchandise Inventory	$ 15,000
Land and Buildings	$120,000
Accounts Payable	$ 12,000
Owed on Land and Buildings	$ 90,000
Stockholders' Net Worth	$ 46,000

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

FINANCIAL MANAGEMENT

COMPETENCY

Compute accurate taxes and reports.

PERFORMANCE OBJECTIVE

Given a tax table, the student will be able to compute the income tax, sales tax, and property tax.

INSTRUCTIONAL ACTIVITIES

1. Define income tax.
2. Define sales tax.
3. Define property tax.
4. Provide example of tax tables to compute income, sales, and property tax.
   For example:
   If real estate tax rate is $3.40 per $100 of assessed valuation:
   a. What is the tax per $1,000 of valuation?
   b. What is the tax on real estate valued at $25,000?

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, Chapter 4.

EVALUATION

The student will compute income, sales tax, and property taxes based on a given table.

COMPETENCY

Compute accurate taxes and reports.

INFORMATION SHEET

INCOME TAXES - a tax that is levied against the net profits of business firms and against money earned by individuals.

A corporation, for example, with taxable earnings of $105,000 will pay $28,500 in federal income taxes as shown in the following calculation, which is based on tax rates in a recent year:

Taxable Earnings	Tax Rate	Tax
from $ 0 to 25,000	16%	$ 4,000
25,001 - 50,000	19%	4,750
50,001 - 75,000	30%	7,500
75,000 - 100,000	40%	10,000
100,001 or more	46%	2,300
($5,000 x 46.%)		$ 28,550

SALES TAX - a tax levied on the retail price of goods or services at the time they are sold. Retail business collects the tax from customers and turns this tax over to the state government. In S.C. a sales tax of 5% is paid on goods and services. A business that had sales of $10,000 would pay $500 to the state for tax.

PROPERTY TAX - a tax levied on material goods owned. It is stated in terms of dollars per hundred of assessed valuation. Assessed valuation is the value of property determined by tax officials. For example, a tax rate of $2.80 on property with an assessed valuation of $60,000 is $1,680.

COMPETENCY

Compute accurate taxes and reports.

QUESTIONS

1 The kind of tax that is levied against the net profits of a business is called a/an

a. income tax.
b. sales tax.
c. excise tax.
d. property tax.

2. You live in a state that has 5% sales tax rate. If you purchased at $28.00 shirt, the sales tax would be

a. $ .14
b. $ .18
c. $ 1.40
d. $ 1.42

Answers

1. a.
2. c.

COMPETENCY

Compute accurate taxes and reports.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

1. Conduct basic research on a proportional tax, a progressive tax, and a regressive tax.

Questions to answer.

  a) What are examples of each type of tax?

  b) Which tax is the fairest?

2. The real estate tax rate is .60 per one hundred dollars of assessed valuation in a county.

  a) What is the tax per thousand dollars of valuation?

  b) What is the tax on real estate valued at $50,000?

Answers

a. $86
b. $4,300

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

FINANCIAL MANAGEMENT

COMPETENCY

Identify available cost reduction techniques.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to identify two cost reduction techniques in the following areas: inventory, credit, and theft.

INSTRUCTIONAL ACTIVITIES

1. Explain the importance of controlling costs in business.
2. Identify areas in business where costs can be controlled.
3. List methods of cost reduction.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, p. 491.

EVALUATION

The student will identify areas in business where costs can be controlled and reduced.

COMPETENCY

Identify available cost reduction techniques.

INFORMATION SHEET

Managers always want to increase sales and decrease costs. The success orfailure of a business is measured in money - profit or loss. Most employees and managers are directly connected with work that influences costs. Wasting material or taking more time than necessary to perform a task adds to the cost of doing business. Increased costs will decrease profits without a proportionate increase in sales; therefore, business firms must be cost conscious at all times.

There are several areas in business where costs can be controlled and reduced. Some areas are inventory, credit, and theft. Inventory or stock costs can be reduced by maintaining the "right quantities" needed to meet customer demand. Too much inventory increases storage cost while too little inventory can mean missed sales. Keeping a clean stockroom can also reduce costs by preventing soiled, torn, or damaged merchandise.

Credit extended to customers can be controlled to reduce losses. Businesses must develop credit policies to reduce the amount of losses from customers who do not pay their bills. Customers should be checked carefully before credit is given to them. Billing and collection procedures should be developed so that most accounts are collected on time.

Establishing theft controls can reduce losses incurred by businesses. Procedures for the safe handling of cash should be followed by all employees of a business.

The theft of merchandise from warehouses and stores is a major concern of business. Shoplifting by customers and employees equals about 6% of total sales each year. Some methods for controlling shoplifting are the following: (1) hire security guards and store detective, (2) install cameras and mirrors at key locations, (3) attach special inventory tags to products, (4) station attendants at dressing rooms, and (5) post signs warning customers of the consequences of shoplifting.

Employee absence and health costs is another area in business where losses can be reduced. Safety training should be provided for all employees and equipment and work stations should be inspected regularly to be sure they operate correctly and safely. To reduce employee absences, incentives and recognition for employees could be developed.

COMPETENCY

Identify available cost reduction techniques.

QUESTIONS

1. A cost reduction technique utilized in the area of inventory control is

   a. properly checked credit application.
   b. giving incentives to reduce employee absenteeism.
   c. maintaining the right quantities of merchandise.
   d. developing the right promotion campaign.

2. All of the following are techniques used to reduce theft of merchandise except

   a. security guards.
   b. cameras and mirrors.
   c. dressing room attendants.
   d. counter displays.

Answers

1. c.
2. d.

COMPETENCY

Identify available cost reduction techniques.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Visit three different retail department stores. Make a list of devices used for controlling shoplifting in these stores. Then ask the store managers about the effectiveness of each device.

Questions to answer.

1. Which devices are most effective in detecting shoplifting?
2. What are manager's opinions as to the costs of these devices?
3. What are the attitudes of store employees toward these devices?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

FINANCIAL MANAGEMENT

COMPETENCY

Identify that seemingly small savings in some expense areas can mean a substantial gain in profits.

PERFORMANCE OBJECTIVE

Given instruction on controlling costs, the student will be able to list four areas in business where managers can anticipate cost problems.

INSTRUCTIONAL ACTIVITIES

1. Discuss controlling cost in business.
2. List and explain four areas in business where managers can anticipate cost problems.
3. Discuss the effects of business costs in relation to business profits.
4. Discuss ways that management can prevent excessive costs from occurring.
5. Answer Think Tank questions.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, pp. 491-93.

EVALUATION

The student will list four areas in businesses where managers can anticipate cost problems. The student will explain in writing the importance of controlling cost. The student will explain in writing the effects of excessive costs in relation to profits.

COMPETENCY

Identify that seemingly small savings in some expense areas can mean a substantial gain in profits.

INFORMATION SHEET

Experienced managers know that excessive costs can reduce the profits of a business organization. Therefore, managers are constantly watching for areas in their business where costs can be reduced.

There are several areas in a business where managers can anticipate cost problems. They are inventory, credit, theft, employee health, and safety. Planning must be done in each of these areas to prevent excessive costs from occurring. Planning, observing, and evaluating these areas constantly can help management control and maybe prevent excessive costs from reducing the profits of a business.

INVENTORY Businesses need to keep enough products in stock to be able to meet customer needs. Managers must keep close track on inventories so they do not get too large or too small. What happens if inventory is too low? What happens if inventory is too high? Purchasing must be done carefully to select products that can be sold at a profit. Products must be purchased at the right time and in the right quantities to reduce the inventory cost of a business.

CREDIT Credit can be a good business tool if used carefully. It can reduce the amount of loss resulting from extending credit of customers. Customers should be checked carefully before credit is given to them, and billing and collection procedures should be developed so that most accounts are collected on time.

Most businesses use credit when buying products from suppliers. If credit is used too often when making purchases the company may be spending a great deal of money for interest payments. Managers responsible for purchasing must control the amount of money the company owes to other businesses.

THEFT Losses from cash and worthless checks can be reduced or prevented if procedures for handling money and cashiering are followed. Businesses should have written procedures for handling of money.

The theft of merchandise from businesses is a major concern to managers. Retail stores are hardest hit by such losses. Written procedures and policies concerning shoplifting are essential. Employee training in shoplifting practices can help reduce the loss incurred by stores.

HEALTH AND SAFETY Costs that result from health and safety problems can be reduced. Companies should provide safety training for all employees. Work stations and equipment should be inspected regularly to be sure they operate correctly and safely.

Even when employees are absent from work because of sickness or injury, the company must continue to operate. Other employees must be available to fill in for the absent employee, and usually the salary of both the absent employee and the substitute employee must be paid. Health insurance costs are often paid by the company as well.

COMPETENCY

Identify that seemingly small savings in some expense areas can mean a substantial gain in profits.

QUESTIONS

1. Which of the following is the primary reason managers need to be constantly watching for areas where cost can be reduced?
    a. Reports will need to be completed to indicate profits
    b. Excessive costs reduce the profits of a business
    c. Budgets and scheduling are dependent upon these factors
    d. Employees need to be informed so they can help reduce costs
2. Managers can anticipate cost problems in all of the following areas of business except
    a. inventory.
    b. credit.
    c. health and safety.
    d. defective merchandise.

Answers

1. b.
2. c.

COMPETENCY

Identify that seemingly small savings in some expense areas can mean a substantial gain in profits.

INSTRUCTIONAL ACTIVITY

Using the following checklist about methods to control costs, interview a business owner to determine what methods he/she uses most frequently.

INVENTORY
Just-in-time inventory management
Quick-response order/inventory method
Other ______________________________

CREDIT
Thorough credit checks of applicants
Thorough billing and collection procedures
Control of purchases from suppliers
Timely cash discounts taken

THEFT
Security guards or alarms
Television cameras
Special inventory tags that produce a signal
Dressing room monitering
Expensive items in locked cases
Warning signs on the consequences of shoplifting
Procedures for employees' purchases

HEALTH AND SAFETY
Safety training provided
Equipment inspected to ensure safe operation
Health and wellness program offered to employees

Business Name ____

PERSONNEL MANAGEMENT

Identify functions of personnel management.

Identify the relationship between job satisfaction and productivity.

Identify how to interview and select potential employees, obtaining all necessary data and offering them information concerning the business.

State the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

State that attention must be paid to labor legislation which regulates wages, hours, the hiring of minors, and health examinations.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

PERSONNEL MANAGEMENT

COMPETENCY

Identify functions of personnel management.

PERFORMANCE OBJECTIVE

Identify the functions of personnel management.

INSTRUCTIONAL ACTIVITIES

1. Discuss the personnel division of business.
2. List and explain the seven functions of personnel management
3. Discuss reasons for promoting and transferring employees.
4. Assign Think Tank Questions. Divide students into small groups, have groups choose questions provided by teacher, and present questions and answers to class.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, pp. 410-24.

EVALUATION

Given class discussion, the student will list and explain seven functions of personnel management.

COMPETENCY

Identify functions of personnel management.

INFORMATION SHEET

Personnel management is the division of management which is concerned with obtaining and effectively utilizing human resources. The size of the business and the importance placed on personnel programs by management determine the extent to which personnel functions are performed. There are many functions of personnel management in business today; seven key functions are universal to all businesses.

SELECTING NEW EMPLOYEES - an important function of personnel management. Selecting new employees involves recruiting applicants, determining their qualifications, hiring those whose qualifications best match the job to be filled, and preparing employees for their new jobs.

TRAINING EMPLOYEES - Nearly all firms - whether self-service or full service have some type of training program. Selection procedures need to be followed-up with effective training programs. Workers already employed also need additional training because of changes in jobs, machines, processes, and policies are constantly occurring. Also, training is necessary to prepare employees for promotions.

PROMOTING AND TRANSFERRING EMPLOYEES - Personnel management is responsible for developing policies and procedures for promoting and transferring personnel. Employees may be transferred to a different job because of not performing well or because a new job within the company is more challenging and exciting. If businesses do not offer opportunities for promotion, employees may leave the business and seek employment that offers advancement.

DETERMINING WAGES AND BENEFITS - Personnel managers administer wages and salaries to control personnel costs and to enable the organization to compete in the labor market for the skilled and creative employees it needs. The major decisions involved are the forms of compensation to be given for each job, the amount of pay, when pay raises will be given, and the amount of raise.

MAINTAINING HEALTH AND SAFETY PROGRAMS - Providing health and safety programs is an important concern of the personnel management. Employees must be healthy to be efficient, productive, and satisfied workers.

MAINTAINING LABOR MANAGEMENT RELATIONSHIPS - Handling relations with labor unions includes a number of different responsibilities. Among the most important are collective bargaining, contract administration, and grievance handling. In organizations which have labor unions, dealing with union matters is usually a specialized responsibility of the personnel manager.

ESTABLISHING A GOOD WORKING ENVIRONMENT - Providing employee services such as first aid medical services and maintaining employee facilities such as lounges and recreational areas, are functions of the personnel management division. A good working environment can help maintain efficient satisfied workers.

COMPETENCY

Identify functions of personnel management.

QUESTIONS

1. The division of management which is concerned with obtaining and effectively utilizing human resources is

    a. operations.
    b. merchandising.
    c. personnel.
    d. purchasing.

2. Selecting training and promoting employees is a function of

    a. personnel management.
    b.. labor relations management.
    c. employment requisition.
    d. executive development.

Answers

1. c.
2. a.

COMPETENCY

Identify functions of personnel management.

INSTRUCTIONAL ACTIVITY

THINK TANK QUESTIONS

List the seven functions of personnel management.

What conditions exist in a small business that encourage good personnel management?

What can happen to firms that automatically exclude certain groups of people when they are hiring new employees?

What are the major sources of applicants for a company?

Why is orientation for new employees so important?

What is the most common type of training?

Why should a business attempt to promote its own employees whenever possible?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

PERSONNEL MANAGEMENT

COMPETENCY

Identify the relationship between job satisfaction and productivity.

PERFORMANCE OBJECTIVE

Following classroom discussion the student will be able to correctly exp'ain the relationship between job satisfaction and productivity.

INSTRUCTIONAL ACTIVITIES

1. Discuss the purpose and goals of human relations.
2. Define productivity.
3. Discuss job satisfaction and ways to develop job satisfaction.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, pp. 399-405.
Hiserodt. **Human Relations in Marketing**, pp. 9-12.

EVALUATION

The student will explain in writing the relationship between job satisfaction and productivity.

COMPETENCY

Identify the relationship between job satisfaction and productivity.

INFORMATION SHEET

Increasing production through people and employee job satisfaction are two goals of human relations in marketing. The motive of business organizations is higher profits. To increase profits, businesses are constantly seeking new ways to increase the productivity of employees.

Productivity refers to producing the largest quantity in the least amount of time using efficient methods and modern equipment at the lowest cost. Businesses establish policies, regulations, and working conditions that contribute to efficiency and well-being of the firm. Coffee breaks, clean and attractive work environments, good wages, and attention to employee's needs are means by which management contributes to employee productivity and employee job satisfaction. Job satisfaction is not totally dependent upon management. It also depends on the employee, employees' attitudes, expectations, and the employees' relationships with co-workers. Most employees are not totally satisfied or dissatisfied with their jobs. There are many causes of the differences in job satisfaction.

Employee job satisfaction is influenced by such factors as the personalities of the supervisors and co-workers, goals of the business, and the nature of the work itself. Managers realize that employees who are satisfied with their work and the environment are more productive than workers who show dissatisfaction.

The most satisfaction from work occurs when the average worker performs interesting tasks, has feeling of responsibility, gains recognition, and has a feeling of achievement. Workers are more concerned with needs relating to self-respect than with fringe benefits and salaries.

Management uses techniques to increase worker satisfaction among employees. By adding more variety into jobs and involving employees in decision-making managers improve employee satisfaction, which contributes to attaining the goals of a business.

COMPETENCY

Identify the relationship between job satisfaction and productivity.

QUESTIONS

1. Producing the largest quantity in the least amount of time using efficient methods and modern equipment is called

   a. productivity.
   b. manufacturing.
   c. marketing.
   d. management.

2. Studies have found that workers are more concerned with needs relating to

   a. self-respect.
   b. compensation.
   c. fringe benefits.
   d. salary.

Answers

1. a.
2. a.

COMPETENCY

Identify the relationship between job satisfaction and productivity.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Sally Brown had supervised over ten stenographers in the marketing department for nearly two years. The workers thought a great deal of Sally. In fact, many of them said she was the best supervisor they ever had. Sally's manager, Juanita Sanchez, was most impressed not only with the good human relations among the stenographers but also with the excellent work her department did. The manager was so impressed that Sally was transferred to manage 20 typists and clerks in the Accounting Department. Since Sally had prior accounting training and experience working as a bookkeeper, Juanita Sanchez thought she would be perfect in the new job.

After two months human relations in the Accounting Department had gone down and work output had declinded. "What's happening, Sally," Juanita asked. "Why isn't it working out?" Sally responded, "I just don't know. In the marketing department, I always discussed problems with the workers and as a group we worked out solutions acceptable to everyone. In the Accounting Department, no one wants to discuss problems and solutions. They want me to solve all the problems for them. That's not my style."

Questions to answer.

1. Can a person be effective in one situation but not in another? Explain your reasons.
2. Should Sally change her leadership style to fit the situation in the Accounting Department? Discuss your ideas.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

PERSONNEL MANAGEMENT

COMPETENCY

Identify how to interview and select potential employees, obtaining all necessary data and offering them information concerning the business.

PERFORMANCE OBJECTIVE

Following instruction the student will be able to identify how to interview and select potential employees, obtaining all necessary data and offering them information concerning the business.

INSTRUCTIONAL ACTIVITIES

1. Discuss questions used by personnel managers to interview potential employees.
2. Discuss proper interviewing techniques.
3. Explain the importance of selecting the "right" employee.
4. Explain how management orientates new employees to the job.
5. Assign Activity Sheet for class completion and discussion.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, Chapter 21.

EVALUATION

The student will explain in writing how to interview and select potential employees, including obtaining all necessary data and offering information concerning the business.

COMPETENCY

Identify how to interview and select potential employees,obtaining all necessary data and offering them information concerning the business.

INFORMATION SHEET

One function of personnel management is interviewing and selecting potential employees. Personnel management should be aware of the qualities needed for successful employment. The personnel manager needs to know how to conduct the interview, including the proper entrance behavior and departure of applicants. Usually, not all applicants are interviewed; therefore, personnel managers should be able to screen applications and determine likely candidates for the interview process. Once candidates are selected, an interview is scheduled.

In order to select qualified employees, personnel managers must obtain and review data from the applicant such as resumes, references, and the application form. This information is used by the personnel manager to determine if the applicant's qualifications match the job position.

When interviewing potential employees, managers will ask questions of the applicant which reveal information related to the applicant's attitudes, qualifications, education, work experience, and personal qualities. The applicant's response to the questions helps managers determine if the applicant is suitable for the job position. These responses also give managers an indication of the applicant's human relation and communication skills.

The following procedures are often done by the personnel department after applicants for a job have been obtained.

1. Applicants are interviewed to determine whether they have general qualifications for the job position. During the interview, applicants should be given information about the company and the job so that they will understand what is expected.

2. Tests are administered to the applicants who pass the preliminary interview. These tests are used to determine the applicants' level of knowledge and skill.

3. If applicants are given a physical examination, the medical report becomes a part of the permanent record of the employee. In many cases, the physical examination is not given until the applicant is ready to be hired.

4. Applicant's references are contacted to see if previous experience has been satisfactory.

5. Applicants who have thus far proved satisfactory to the personnel department are sent to the department head with the opening. The department head can then interview those applicants and give more detailed information about the job and also answer questions the applicant may have.

6. When the applicant is hired, the records for the personnel department are then prepared.

COMPETENCY

Identify how to interview and select potential employees,obtaining all necessary data and offering them information concerning the business.

INFORMATION SHEET continued

After an applicant has been hired, an orientation to the new job and to co-workers is very important. The new worker should be taken on a tour of the company, introduced to co-workers, and given a manual which states the policies and regulations of the business. Finally, the supervisor of the new employee should provide detailed information and directions about the job.

COMPETENCY

Identify how to interview and select potential employees,obtaining all necessary data and offering them information concerning the business.

QUESTIONS

1. One of the functions of personnel management is

    a. organizing distribution of goods.
    b. preparing financial reports.
    c. purchasing goods.
    d. interviewing potential employees.

2. On a new job, when an employee is placed under close supervision it is called

    a. on-the-job.
    b. vestibule.
    c. apprenticeship.
    d. supervisory.

Answers

1. d.
2. a.

COMPETENCY

Identify how to interview and select potential employees, obtaining all necessary data and offering them information concerning the business.

INSTRUCTIONAL ACTIVITY

Here are a few questions which you might be asked during a job interview. Though this list is not by any means intended to be complete, it does contain some of the more "challenging" ones. Because most of these inquiries require a little thought before answering, prepare your answers ahead of time. After careful thought, write on a separate sheet of paper the answers which you consider appropriate.

1. Tell me a little about yourself.
2. What are your future vocational plans?
3. What do you know about our company? (Pick a company for which you would like to work and state the company name in your answer.)
4. What kind of training have you received for the job you want? (Select a specific job classification and state it in your answer.)
5. Do you prefer any particular geographic location and why?
6. Why do you think you'll like the type of job for which you're applying? (Select a specific job classification and state the job in your answer.)
7. If you had your choice, what kind of boss would you prefer?
8. What have you learned from some of the jobs that you had in the past? (Tell what these previous jobs were and what you learned from each one specifically.)
9. What interests you about our product (or service)? (Pick a company and state the company name in your answer.)
10. Why did you choose our company or this particular line of work?
11. Why should we hire you for this job? (Select a specific job classification and mention the job in your answer.)
12. What salary do you expect? (Select a specific job classification and mention the job in your answer.)
13. What do you consider was your biggest accomplishment in your last job (or in school)?
14. What was your biggest disappointment in your last job (or in school)?
15. What are your major strengths?
16. What are your major weaknesses?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

PERSONNEL MANAGEMENT

COMPETENCY

State the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

PERFORMANCE OBJECTIVE

The student will be able to correctly state the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

INSTRUCTIONAL ACTIVITIES

1. Discuss the importance of selecting employees who are physically, mentally, and emotionally equipped to perform the job position.
2. Discuss problems which could arise due to hiring employees whose qualifications do not match the job position.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Practices**, 8th edition, Chapter 21.

EVALUATION

The student will explain in writing the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

COMPETENCY

State the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

INFORMATION SHEET

When employees are hired that are not physically or mentally able to perform the job tasks, many problems can arise. Higher training costs, dissatisfied employees, and many other personnel problems can be expected from hiring employees who are not equipped to perform the job. Workers who fall in this category usually create low morale among workers which can slow down productivity. A worker who is unhappy and dissatisfied is not an efficient worker. The success of any business depends on people. It has been said that employees are one of the most important assets of a business. If a business is to make a profit, management must recruit and hire good employees who are qualified to be productive for the job position.

COMPETENCY

State the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

QUESTIONS

1. A new employee should receive a company policy manual

    a. before the interview process.
    b. during the time of orientation to the job.
    c. after the employee has worked several weeks.
    d. at the time of promotion.

2. All of the following are important when orientating a new employee to a job except

    a. tour of the company.
    b. introduction of co-workers.
    c. providing a company policy manual.
    d. use of business/company language.

Answers

1. b.
2. d.

COMPETENCY

State the importance of carefully selecting and placing employees in jobs which they are physically, mentally, and emotionally equipped to perform.

INSTRUCTIONAL ACTIVITY

Answer the following:

1. The manner in which an application blank is completed can determine whether a person would be able to perform satisfactorily in certain jobs. List some of the things an employer might look for when reviewing an application blank.

2. How can an orientation program for new employees aid in the adjustment of those employees?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

PERSONNEL MANAGEMENT

COMPETENCY

State that attention must be paid to labor legislation which regulates wages, hours, the hiring of minors, and health examinations.

PERFORMANCE OBJECTIVE

Following classroom instruction the student will be able to explain how attention must be paid to state and local laws regulating wages, hours, the hiring of minors, and health examinations.

INSTRUCTIONAL ACTIVITIES

1. Discuss federal labor laws.
2. Discuss equal employment opportunity legislation and affirmative action programs.
3. Discuss labor legislation which regulates wages, hours, and discriminatory practices.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Practices**, 8th edition, Chapter 23.
Various publications of South Carolina Department of Labor, Columbia, South Carolina.

EVALUATION

The student will explain in writing labor legislation which regulates wages, hours, the hiring of minors, and health examinations.

COMPETENCY

State that attention must be paid to labor legislation which regulates wages, hours, the hiring of minors, and health examinations.

INFORMATION SHEET

In 1938 the Federal Government enacted the Fair Labor Standards Act (FLSA). Since that time the FLSA has been amended several times and it is now referred to as the Wage and Hour Law. The provisions of this act cover workers employed in industries, engaged in interstate commerce, or in the manufacture of goods shipped in interstate commerce. The Wage and Hour Law also covers employees of certain retail and service establishments whose sales volumes exceed a prescribed amount.

Overtime payments and minimum wage rates are major provisions of the FLSA. For most employees covered by the act, employers must pay a minimum hourly wage for the first 40 hours of work during a week and 11/2 times the regular hourly rate for all work in excess of 40 hours.

In some cases, physical examinations are required by some businesses and industries to ensure that employees are healthy. Sometimes, businesses will require applicants to take a physical examination as part of the interview process.

COMPETENCY

State that attention must be paid to labor legislation which regulates wages, hours, the hiring of minors, and health examinations.

QUESTIONS

1. Which of the following is often referred to as the Wage and Hour Law?

   a. Fair Labor Standard Act, 1938
   b. Civil Rights Act, 1964
   c. Equal Pay Act, 1963
   d. Vocational Rehabilitation Act, 1973

2. The law that states employers must pay a minimum hourly wage for the first 40 hours of work during a week and 11/2 times the regular hourly rate for all work in excess of 40 hours is the

   a. Equal Pay Act.
   b. Vocational Rehabilitation Act.
   c. Fair Labor Standards Act.
   d. Civil Rights Act.

Answers

1. a.
2. c.

COMPETENCY

State that attention must be paid to labor legislation which regulates wages, hours, the hiring of minors, and health examinations.

INSTRUCTIONAL ACTIVITY

Of all the regulations designed to protect employees, those regulations concerned with fair employment practices create the most problems for small business owners. An affirmative action program developed early in the life of a business will eliminate many potential problems.

A set of basic steps follows that the owner of a small business can take to develop an affirmative action program:

1. Develop a written equal employment policy and affirmative action commitment.
2. Designate an individual to direct the affirmative action program.
3. Publish present equal employment policy and affirmative action commitment and distribute it within the company and to potential sources of recruitment.
4. Review present employment system to identify potential or actual unfair employment practices.
5. Develop programs to enhance equal employment and affirmative action goals.

Interview three local business owners to determine if any have written employment practices similar to those above. Report your findings to the class.

MANAGEMENT INFORMATION SYSTEMS

Identify and use types of records needed for business operation.

Identify methods of filing and information retrieval.

Discuss the importance of inventory control.

Compare operational results to forecasted budget.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT INFORMATION SYSTEMS

COMPETENCY

Identify and use types of records needed for business operations.

PERFORMANCE OBJECTIVE

Following classroom instruction students will be able to describe the various types of business records.

INSTRUCTIONAL ACTIVITIES

1. Define Management Information System (MIS) as an organized way to capture, process, store, retrieve, and distribute information throughout an organization.
2. Have students brainstorm reasons why records are important and list on board.
3. List the major types of records used by business.
4. Discuss the importance of sound record keeping in business.
5. Have students do mathematical computations on various forms used by local business or obtain samples from text.
6. Invite an accountant to speak to the class and explain how records are used in his or her business.
7. Have students interview a business owner about the type of records he/she uses.
8. Explain how the cash register records data needed for business records.

INSTRUCTIONAL MATERIAL/RESOURCES

Everard and Burrow. **Business Principles and Management,** Unit 4.

EVALUATION

The student will list the types of records used by business and explain the purpose of each record.

COMPETENCY

Identify and use types of records needed for business operations.

INFORMATION SHEET

Accurate business records are important sources of information because they show the following:

1. Cash sales and credit sales
2. Expenses (operating, purchases, payroll, taxes, etc.)
3. Profit or loss
4. Amount of merchandise purchased
5. Cash on hand and in bank
6. Money owed to supplies
7. Kinds and value of assets
8. Trends in business

Types of records used by business:

1. Inventory and purchasing
2. Sales records
3. Cash records
4. Credit
5. Employees
6. Fixtures and property
7. Bookkeeping

COMPETENCY

Identify and use types of records needed for business operations.

QUESTIONS

1. The type of business record which shows what each customer owes and pays is a(n)

   a. purchase order.
   b. accounts receivable record.
   c. accounts payable record.
   d. charge ticket record.

2. An organized method of capturing, processing, storing, retrieving, and distributing information in an organization is called a(n)

   a. balance sheet.
   b. consumer price index.
   c. automatic data processing.
   d. management information system.

Answers

1. b.
2. d.

COMPETENCY

Identify and use types of records needed for business operations.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Prepare a list of all the records that businesses use. Then interview three business owners/managers to learn what records they use to prepare federal, state, and local tax forms.

Questions to answer.

1. Did the prepared list of records coincide with the records needed by the business owners/managers? Describe the differences.
2. What records/receipts are needed for a business to file taxes? Describe them.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT INFORMATION SYSTEMS

COMPETENCY

Identify methods of filing and information retrieval.

PERFORMANCE OBJECTIVE

Upon completion of instruction the student will be able to identify methods used to fill and retrieve business records.

INSTRUCTIONAL ACTIVITIES

1. Discuss the primary methods used to record information.
    a. Manual
    b. Electronic
2. Discuss the basic steps in processing business data:
    a. Record data using a specific method
    b. Transmit data to be sorted and analyzed
    c. Manipulate data - compare to data on hand
    d. Report data to management.
3. Describe how the computer is used for storing planning and control.
4. Discuss how the computer is used in credit authorization.
5. Invite a local store manager to speak to the class on electronic cash registers, types of information recorded, and methods of retrieval.
6. Purchase simulation software and have students complete business records and retrieve stored information.

INSTRUCTIONAL MATERIALS/RESOURCES

Cushman and Dagget. **Retail Merchandising**, 9th edition, Chapter 10.

EVALUATION

The student will describe the differences between manual and electronic recordkeeping.

COMPETENCY

Identify methods of filing and information retrieval.

INFORMATION SHEET

Some older texts may list mechanical recording as a method of filing. Mechanical is the use of punched cards in automatic data processing. Most businesses use electronic data processing today.

Recorded facts about transactions are these:

1. identification: brand, type, color, size.
2. quantitative: number sold and price.

Most stores record the following type of transactions on a daily basis:

1. sales audit
2. accounts receivable
3. merchandise inventory control
4. store personnel performance
5. payroll preparations

COMPETENCY

Identify methods of filing and information retrieval.

QUESTIONS

1. Emily Cross works for a small book store. A customer purchases a paperback book for $4.50 plus tax. Emily prepares a handwritten sales slip for this sale. This type of record keeping is called

   a. electronic.
   b. automatic.
   c. tabulation.
   d. manual.

2. The business information that is produced through electronic data processing is called

   a. output.
   b. input.
   c. memory.
   d. diskettes.

Answers

1. d.
2. a.

COMPETENCY

Identify methods of filing and information retrieval.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Rex King is owner of a small hardware store. He buys from many vendors. Merchandise is received daily and must be quickly placed on the selling floor to be sold. Rex often finds that purchase orders to vendors and vendors' invoices do not agree. Also, invoices often are misplaced so that discounts for prompt payment are missed.

Questions to answer.

1. What system should Rex use to keep track of invoices? Describe one in detail.
2. What types of invoice information is needed when the merchandise arrives? Describe basic checking procedures he could use.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT INFORMATION SYSTEMS

COMPETENCY

Discuss the importance of inventory control.

PERFORMANCE OBJECTIVE

After classroom instruction, the student will be able to discuss the importance of inventory control.

INSTRUCTIONAL ACTIVITIES

1. Discuss inventory control. Records should show which merchandise has been ordered, which goods have been received, and the amounts presently in inventory. Define physical and perpetual inventory.
2. Have students prepare a list of reasons that show inventory control is important. Discuss and develop a master list on board or overhead projector.
3. Have students work mathematic problems dealing with book or perpetual inventory.
4. Have students calculate the cost of an inventory.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Practices**, 8th edition, Chapter 21.

EVALUATION

Given class discussion, the student will describe in writing the importance of inventory control.

COMPETENCY

Discuss the importance of inventory control.

INFORMATION SHEET

Inventory control is important because of the following:

a. It prevents unneeded goods from being ordered.
b. It allows for needed goods to be ordered before stock is depleted.
c. If inventory is low, sales may be missed.
d. If inventory is too high a company may be spending too much for storage and its profits will be lower.
e. It helps to determine financial standing of business.
f. Shortages in excess of .5 percent could indicate serious problems due to clerical errors or physical loss.

COMPETENCY

Discuss the importance of inventory control.

QUESTIONS

1. In order to determine the total value of stock on hand, a business may actually count the goods. This is called a (an)

    a. physical inventory.
    b. book inventory.
    c. perpetual inventory.
    d. annual inventory.

2. If the physical inventory is smaller than the book inventory, there is a shortage of merchandise. All of the following are reasons for shortages EXCEPT

    a. shoplifting.
    b. markdowns.
    c. pilferage.
    d. breakage.

Answers

1. a.
2. b.

COMPETENCY

Discuss the importance of inventory control.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

1. Research the following concepts and discuss in class.

    a) physical inventory
    b) perpetual inventory

2. Research and list examples of accrued expenses of a retail store.

3. Research and describe how computers can aid with retail merchandise orders and retail inventory control.

4. Research and describe the value of electronic registers, bar code, and optical character readers to retail.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT INFORMATION SYSTEMS

COMPETENCY

Compare operational results to forecasted budget.

PERFORMANCE OBJECTIVE

Following classroom instructions, the student will be able to compare operational results to forecasted budget.

INSTRUCTIONAL ACTIVITIES

1. Explain the difference between budgets and actual operational results--budgets predict expenses, while operational results depict actual expenses and profits.
2. Obtain samples of forms used in accounting or record keeping and have students compare budgets to operational results.
3. Have students list reasons why budgets and operations results differ. Examples:
    a. Increase or reduction in prices on merchandise and/or delivery
    b. Intensified competition, increasing advertising costs
    c. Losses due to theft or fire.

INSTRUCTIONAL MATERIALS/RESOURCES

Samson and Little. **Retail Merchandising**, 10th edition, chapter 21.

EVALUATION

Given a forecast, the student will compare it to store operational results and analyze any discrepancies.

COMPETENCY

Compare operational results to forecasted budget.

INFORMATION SHEET

For a single-unit retail business, the store is the first level of planning. For a multiple-unit retail business, the company is the first level of planning. Once the overall plan has been made, it is necessary to assign objectives to each of the store's merchandise divisions. For example, the planners may decide that one division may do well just to maintain the previous volume of sales.

Sales opportunities differ among the departments within divisions as well as among the divisions themselves. For that reason, it unreasonable to expect each department to have the same amount of sales. Even at the department level, most plans must be divided into specific merchandise categories because all types of merchandise do not sell at the same rate.

Most retailers find that it works well to set up a general budget for one to three years and then to develop specific budgets for six months in advance. The six-month period is long enough to make specific budgets for six months in advance. The six-month period is long enough to make specific planning useful. The plan serves as a guide to definite action. The merchandise budget and the plan it controls for the upcoming period can be adjusted to meet expected market changes and the sales performance of the current period.

A six-month budget includes estimates of sales, inventory, purchases, expenses, and profit. For larger stores the budget also contains estimates of markup and gross margin, stock turns, average inventory, and stock reduction including markdowns, employee discounts, and stock shortages.

From time to time actual sales, purchases, prices, stocks, and expenses should be compared with budget estimates. Differences between operational figures and budgeted amounts should be carefully noted.

COMPETENCY

Compare operational results to forecasted budget.

QUESTIONS

1. Operational results and forecasted budgets may be

   a. exactly the same.
   b. more.
   c. less.
   d. all of the above.

2. If a budget and operational results differ, a manager should

   a. study the budget and make appropriate changes.
   b. spend less on sales promotion.
   c. increase production by hiring new employees.
   d. reorganize the personnel staff.

Answers

1. d.
2. a.

COMPETENCY

Compare operational results to forecasted budget.

INSTRUCTIONAL ACTIVITY

Below is a comparison of estimated sales figures with the actual sales figures for different products in a store. Study the figures and answer the questions listed below.

	Est. Sales 1st Quarter	Actual Sales 1st Quarter
Televisions	30,000	38,500
Refrigerators	16,500	16,860
Furniture	40,000	39,340
Household Equipment	12,000	10,400

1. In what areas would management need to concentrate efforts during the next quarter?

2. The budget estimate was off the most in which area?

3. What are some things management can do to get actual sales closer to the budget estimate?

203

MANAGEMENT OF MERCHANDISE

List factors used to select appropriate products.

Prepare a merchandise/buying plan.

Maintain vendor information and select appropriate vendors.

Determine selling price.

State why it is necessary to maintain sales records for past years.

State the importance of keeping informed of merchandising trends.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF MERCHANDISE

COMPETENCY

List factors used to select appropriate products.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to list at least five factors used to select appropriate products.

INSTRUCTIONAL ACTIVITIES

1. Discuss merchandise selection.
2. Student activity - Divide class into small groups. Ask the small groups to brainstorm and list factors they consider important when purchasing merchandise.
3. List and explain eight factors that influence a buyer's decision concerning merchandise selection.

INSTRUCTIONAL MATERIALS/RESOURCES

Meyer et al. **Retailing Principles and Practices**, 7th edition, pp. 487-88.
Cushman and Daggett. **Retailing Merchandising,** 8th edition, pp. 193-213.

EVALUATION

The student will list at least five factors that influence a buyer's decisions in selecting merchandise.

COMPETENCY

List factors used to select appropriate products.

INFORMATION SHEET

A buyer's decision concerning merchandise selection is influenced by many factors. The final merchandise selection decisions depend upon the buyer's thorough analysis and judgment. The buyer considers the following factors when determining merchandise selection:

1. The quality of the products.
2. The reputation of the supplier of the product.
3. The profit potential of the product.
4. The retail price of the product.
5. The promotional support needed by the product.
6. The sales support needed by the product.
7. The packaging utility of the product.
8. The relationship of the product to existing lines.

These are the most common factors buyers consider when selecting merchandise.

COMPETENCY

List factors used to select appropriate products.

QUESTIONS

1. As a merchandise buyer many factors will influence your selection of merchandise. Which of the following is not a factor to consider?

   a. Quality of products
   b. Reputation of the supplier
   c. Profit potential of the product
   d. Terms of the sale

2. Assume you are a buyer for a sporting goods shop. Which of the following items would be least appropriate for your merchandise line?

   a. Volleyballs
   b. Exercise equipment
   c. Cosmetics
   d. Shoes

Answers

1. d.
2. c.

COMPETENCY

List factors used to select appropriate products.

INSTRUCTIONAL ACTIVITY

Jenny Young will be opening an accessory shop in a town of 50,000. This town is served by two department stores and a variety of specialty shops. The main competition will be the department stores and a few of the women's specialty shops that carry some accessories.

Below each of the following factors used to select products, discuss how each would be important in the success of Jenny's business.

1. The quality of the product

2. The retail price of the product

3. The sales support needed by the product

4. The packaging utility of the product

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF MERCHANDISE

COMPETENCY

Prepare a merchandise/buying plan.

PERFORMANCE OBJECTIVE

Given results of last year's buying plan, the student will be able to prepare a buying plan for this year to include planned sales, stock markup, markdown, and purchases.

INSTRUCTIONAL ACTIVITIES

1. Define buying/merchandise plan.
2. List and describe the components of a merchandise plan.
3. Provide examples of a merchandise plan.
4. Discuss the benefits of a merchandise plan.

INSTRUCTIONAL MATERIALS/RESOURCES

Meyer et al. **Retailing Principles and Practices**, 7th edition, pp. 472-80.
Examples of merchandise plan.
Merchandise Plan for students to complete.

EVALUATION

Given specific information, the student will prepare a merchandise/buying plan.

COMPETENCY

Prepare a merchandise/buying plan.

INFORMATION SHEET

A merchandise plan or sales budget is a projection or estimate in dollars of the sales goals of a department. The merchandise plan is usually made for a definite period of time. With the information of a merchandise plan, managers can determine how much money can be used to purchase merchandise. By knowing the amount of money available for purchases and the expected income from sales, the manager is prepared to take care of financial needs as they arise.

The merchandise plan helps buyers select merchandise at the right time; therefore, keeping sufficient stock on hand to meet customer demand. The plan also helps in coordinating the merchandise activities of the various departments in the store so that each department earns a profit. The merchandise plan also helps top management judge the efficiency of the various merchandising operations.

COMPONENTS OF THE MERCHANDISE PLAN

PLANNED SALES	The anticipated amount of merchandise to be sold: a sales forecast for the period.
PLANNED STOCKS	The amount of merchandise to be on hand at the beginning of the month and at the end of the month.
PLANNED MARKDOWNS	The reduction in planned sales due to markdowns and shortages.
PLANNED PURCHASES	The amount of merchandise to be ordered.
PLANNED MARKUP	The amounts of markup needed on the merchandise.

COMPETENCY

Prepare a merchandise/buying plan.

QUESTIONS

1. A projection or estimate in dollars of the sales goals of a department for a specific period of time is called a

   a. merchandise plan.
   b. balance sheet.
   c. inventory check.
   d. stock-sales ratio.

2. All of the following are components of a merchandise plan except

   a. stock-sales ratio.
   b. planned markdowns.
   c. retail purchases.
   d. planned sales.

Answers

1. a.
2. a.

COMPETENCY

Prepare a merchandise/buying plan.

INSTRUCTIONAL ACTIVITY

Case Problem

As the manager of a variety store, you are preparing a 3-month merchandise plan for your stationery department. You are reviewing the actual results of last year's buying plan. This year, you plan sales increases of 10 percent for April, 10 percent for May, and 5 percent for June. You likewise plan similar increases for the planned stock at the first of the month. Because you intend to manage shortages and planned markdowns more effectively this year, you make no changes in these amounts. Your task is to complete the blank spaces on the following buying plan using the above information. Note that you can only compute retail purchases for the first two months. The planned stock for the first of the month has not yet been determined for July.

MERCHANDISE PLAN

Factor	Year	April	May	June	Total
Planned sales dollars	Last year	$1,000	$1,200	$1,100	$3,300
	Planned	______	______	______	______
Planned stock, first of month dollars	Last year	$200	$300	$175	$675
	Planned	______	______	______	______
Shortages last year and planned markdowns dollars	Shortages	$50	$60	$50	$160
	Markdowns	$20	$25	$20	$65
	Planned Shortages	______	______	______	______
Retail purchases dollars	Last year	$1,170	$1,160		
	Planned	______	______		
Planned initial markup percent	Last year	40%	40%	40%	
	Planned	40%	40%	40%	

COMPETENCY

Prepare a merchandise/buying plan.

ANSWER KEY

MERCHANDISE PLAN

Factor	Year	April	May	June	Total
Planned sales dollars	Last year	$1,000	$1,200	$1,100	$3,300
	Planned	$1,100	$1,320	$1,650	$1,070
Planned stock, first of month dollars	Last year	$200	$300	$175	$675
	Planned	$220	$330	$184	$734
Shortages last year and planned markdowns dollars	Shortages	$50	$60	$50	$160
	Markdowns	$20	$25	$20	$65
	Planned Shortages				
Retail purchases dollars	Last year	$1,170	$1,160		
	Planned	$1,287	$1,276		
Planned initial markup percent	Last year	40%	40%	40%	
	Planned	40%	40%	40%	

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF MERCHANDISE

COMPETENCY

Maintain vendor information and select appropriate vendors.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to explain one method of maintaining vendor information and will be able to list at least four factors to consider when selecting vendors.

INSTRUCTIONAL ACTIVITIES

1. Define vendor.
2. Define resource files.
3. Explain method of maintaining vendor information.
4. Student activity --design a resource file to include necessary vendor information.
5. Discuss selecting resources.
6. Students in small groups brainstorm and create a list of selection factors they would consider as a buyer.
7. Provide a list of selection factors to consider in choosing a vendor.

INSTRUCTIONAL MATERIALS/RESOURCES

Meyer et al. **Retailing Principles and Practices,** 7th edition, pp. 490-92.
Cushman and Daggett. **Retail Merchandising,** 8th edition, pp. 215-31.

EVALUATION

The student will describe a method used by buyers to maintain vendor information and list at least four factors to consider in selecting vendors.

COMPETENCY

Maintain vendor information and select appropriate vendors.

INFORMATION SHEET

A vendor or resource is a firm or person from whom the buyer purchases goods. A resource card should be made out for every vendor or supplier from whom the buyer purchases. The resource card should include information such as the name and address of the supplier, the terms allowed, the kinds of goods carried, the prices which the seller specializes, the name of the salesman, and the general impression of the firm. If a purchase is made from the supplier, the buyer should record on the card the promptness of delivery and the care exercised in filling the order. These cards should be arranged by classification and by price line. Keeping an accurate resource file will help the buyer when new stock is needed.

The selection of a merchandise resource requires careful thought. There are many factors that must be considered before a buyer decides from whom he/she will buy. The buyer's goal in selecting suppliers of merchandise is to find sources that will supply merchandise which will satisfy the wants of his store's customers at a price that will enable the buyer to realize a profit on its resale.

Some factors to consider in choosing merchandise resources:

1. Suitability of merchandise.
2. Completeness of line of merchandise.
3. Up-to-dateness of line.
4. Favorable prices.
5. Creativity.
6. Speed of delivery.
7. Credit terms.
8. Dealer aids.
9. Pricing and brand policy.
10. Fairness in handling complaints.
11. Facilities for repairing products.
12. Profitability of merchandise.
13. Dependability of the resource.
14. Stability of the resource.
15. Convenience of resource.

COMPETENCY

Maintain vendor information and select appropriate vendors.

QUESTIONS

1. A file card, containing information such as vendors, vendor's address, name of the sales representative, and the merchandise offered is called the

   a. resource file.
   b. want slip.
   c. terms of sale.
   d. waybill.

2. The quality and price line of merchandise offered by a vendor refers to which of the following factors in selecting resources?

   a. Suitability of merchandise
   b. Credit terms
   c. Dealer aids
   d. Completeness of line

Answers

1. a.
2. a.

COMPETENCY

Maintain vendor information and select appropriate vendors.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Interview three office or business managers to determine how they maintain the names and addresses of people and companies they deal with. Determine, if possible, how these contacts were developed and how they are maintained now.

Questions to answer.

1. What special pieces of equipment are needed?
2. How often are the lists of vendors reviewed and updated?
3. What factors determine which vendors are used regularly?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF MERCHANDISE

COMPETENCY

Determine selling price.

PERFORMANCE OBJECTIVE

Given instructions, the student will be able to accurately compute selling prices using the retail price method.

INSTRUCTIONAL ACTIVITIES

1. Explain the concept of markup.
2. Provide examples of markups and markdowns for students.
3. Assign Activity Sheet for class completion and discussion.

INSTRUCTIONAL MATERIALS/RESOURCE

Meyer et al. **Retailing Principles and Practices**, 7th edition, pp. 322-28.

EVALUATION

The student will compute the selling prices of merchandise using the markup based on retail method.

COMPETENCY

Determine selling price.

INFORMATION SHEET

Retailers usually express markup as a percentage of the retail price because expenses and other items such as profits are commonly expressed as a percentage of retail sales. The National Retail Merchants Association (NRMA) publishes an annual report of average markup and expense percentages for many different stores in the nation. By using markup and expense figures based on the retail price, retailers can compare a store's operations with national average reports such as the NRMA's.

Using the retail method of markup, the initial markup is expressed as a percentage of the unknown retail price. (The cost is known, but the initial markup is based on retail, not on cost.) The formula would read:

$$\text{Retail Price (retail method)} = \frac{\text{Cost}}{100\% - \text{markup}\%}$$

Example: If the cost of a dress is $80.00 and the initial markup percentage desired is 40 percent, the retail price would be determined as follows:

$$\text{Retail Price (retail method)} = \frac{\text{Cost}}{100\% - \text{markup}\%}$$

$$\text{Retail Price} = \frac{\$80.00}{100\% - 40\%} = \frac{80.00}{.60} = \$133.33$$

$$\text{Retail Price} = \$133.33$$

Example: The cost price of a tape recorder is $90.00. The suggested initial retail markup is 40 percent. Determine the retail price using the retail method.

Answer: $150.00

COMPETENCY

Determine selling price.

QUESTIONS

1. The amount that a merchant adds to the cost price of merchandise to get a retail price is called

   a) markdown.
   b) markup.
   c) trademark.
   d) waybill.

2. In general, the price a retailer charges for merchandise must be high enough to cover all costs and to generate a

   a) profit.
   b) loss.
   c) fashion.
   d) sign

Answers

1. b.
2. a.

COMPETENCY

Determine selling price.

INSTRUCTIONAL ACTIVITY

DETERMINING RETAIL PRICE

Find the retail prices for the items listed below, using the retail method. Record your answers in the spaces provided.

	Item	Cost	%Markup on Retail	Retail Price
a.	Socks	$ 6.50	40%	
b.	Suit	$99.00	66%	
c.	Shirt	$7.50	50%	
d.	Shoes	$19.00	35%	

Answers

a. $11.50
b. $299.00
c. $15.00
d. $29.23

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF MERCHANDISE

COMPETENCY

State why it is necessary to maintain sales records for past years.

PERFORMANCE OBJECTIVE

Following classroom discussion, the student will be able to explain two important reasons for maintaining sales records.

INSTRUCTIONAL ACTIVITIES

1. Divide students into small groups to brainstorm on reasons why it would be useful to maintain sales records.
2. Discuss as a group the purpose of maintaining past sales records.
3. List information that can be useful from past sales records.

INSTRUCTIONAL MATERIALS/RESOURCES

Meyer et al. **Retailing Principles and Practices,** 7th edition, pp. 475-76
Cushman and Daggett. **Retail Merchandising,** 8th edition, pp. 185-86.

EVALUATION

The student will explain in writing the necessity of maintaining past sales records.

COMPETENCY

State why it is necessary to maintain sales records for past years.

INFORMATION SHEET

Forecasting sales volume is the first and most important component of the merchandise plan. All other figures of the merchandise are based on the planned sales; therefore, it is most important that the planned sales be accurate.

Buyers must consider several factors when planning the sales volume for a period. One of these factors is analyzing past sales. A careful analysis of past sales records can indicate what customers want and are likely to buy again. Accurate and complete sales records can provide information as to the colors, sizes, prices, quantities, styles, and types of goods customers have bought. Past sales records can give a fairly reliable indication of recurring customer demand.

COMPETENCY

State why it is necessary to maintain sales records for past years.

QUESTIONS

1. Information about the types of goods, styles, colors, prices, and quantities customers have bought can be found on

   a. merchandise plan.
   b. past sales records.
   c. want slips.
   d. stock lists.

2. When forecasting sales volume for a period of time, managers consider

   a. past sales records.
   b. want slips.
   c. planned stock.
   d. inventory checks.

Answers

1. b.
2. a.

COMPETENCY

State why it is necessary to maintain sales records for past years.

INSTRUCTIONAL ACTIVITY

Answer the following:

1. List the types of information that can be obtained from past sales records.

2. Past sales records are used to help predict future sales. What are some factors that may have influenced past sales that may not affect future sales?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF MERCHANDISE

COMPETENCY

State the importance of keeping informed of merchandising trends.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to state the importance of keeping informed of merchandising trends that include customer demand and competition.

INSTRUCTIONAL ACTIVITIES

1. Discuss customer demand.
2. Discuss competition.
3. List possible sources of information on merchandise trends.

INSTRUCTIONAL MATERIALS/RESOURCES

Ditzenberger and Kidney. **Selling: Helping Customers Buy**, pp. 52-58.

EVALUATION

The student will explain in writing the importance of keeping informed of merchandising trends.

COMPETENCY

State the importance of keeping informed of merchandising trends.

INFORMATION SHEET

Meeting customer demand is a basic goal of all business. Marketers realize that the customer is the most important part of their business. Some of the influences on today's customers include store image, advertising, services, and the merchandise available. Marketers will conduct customer surveys to determine what the customer likes and dislikes about the store. Surveys can also indicate the customer's feelings concerning merchandise assortment. Such customer surveys can be quite informal yet provide a clear indication of trends.

Merchandising trends are affected by changes in the nature of competition. The modernization or expansion of an existing business or changes in a competing store's promotional policies may cause a business to change their merchandising practices. The quote "innovate or perish" can be remembered as a warning to stay abreast of the activities of competing businesses.

Keeping informed of merchandising trends is important for a successful business. Customer demand and competition are among the factors considered when collecting data on merchandising trends.

COMPETENCY

State the importance of keeping informed of merchandising trends.

QUESTIONS

1. A major factor that forces a business to change its merchandising practice is what is being done by

   a. govenment.
   b. inflation.
   c. competition.
   d. accounting.

2. The most important factor in business is called

   a. markup rate.
   b. weather change.
   c. markdown percentage.
   d. customer demand.

Answers

1. c.
2. d.

COMPETENCY

State the importance of keeping informed of merchandising trends.

INSTRUCTIONAL ACTIVITY

Choose one of the technological advances or business practices listed below that have been noted as future trends in retailing businesses. Use trade magazines or journals as well as consumer publications to find current information about the trend. When completed interview two business owners to see what trends will be affecting them in the future. Summarize your findings.

TRENDS

Electronic kiosh
In-home technology
Electronic fund transfer system
Quick response ordering/inventory method
Multi-use malls
Podmalls
High fashion malls
Manufacturers malls
Megamalls
No-frills merchandising
Others (not listed) ______________________

MANAGEMENT OF SALES AND PROMOTIONS

Describe the selling function.

Describe the promotion function.

State the relationship of sales and promotion.

List how to plan for special events and public relations activities.

State the importance of maintaining a check on competitors' promotions.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF SALES AND PROMOTIONS

COMPETENCY

Describe the selling function.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will be able to describe the selling function.

INSTRUCTIONAL ACTIVITIES

1. Review fact that sales promotion includes personal selling, visual merchandising, advertising, and publicity.
2. Define selling.
3. Have students brainstorm the importance of the customer to business.
4. Discuss the customer.
5. Discuss "Nothing ever happens in business until something is sold."
6. Review the steps of a sale; have students perform a sales demonstration.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management**, 8th edition, pp. 50-52.
Ditzenberger and Kidney. **Selling: Helping Customers Buy**, Chapter 3.
Cushman and Daggett. **Retail Merchandising**, 9th edition, pp. 60-66.

EVALUATION

After class discussion, the student will describe in writing the function of selling in business.

COMPETENCY

Describe the selling function.

INFORMATION SHEET

Selling is considered one of the most important parts of the promotional mix. It brings the marketer into direct contact with the consumer. Personal selling is defined as personal, persuasive communication between a marketing employee and a consumer that is designed to convince the consumer to purchase products or services. Selling takes place when a marketer determines the needs and wants of a consumer and then helps to satisfy these needs and wants for the mutual benefit of both parties. The key term in this statement is mutual benefit; both buyer and seller must be satisfied if effective selling is to occur.

Personal selling involves matching a consumer's needs and wants with the goods or services offered by a business. The better the match, the more satisfied the consumer. In the long run a good match means a lasting relationship between a business and a consumer.

COMPETENCY

Describe the selling function.

QUESTIONS

1. The primary function of selling is to

   a. use goods and services produced by American manufacturers.
   b. assist the customer in making a wise buying decision.
   c. convince customers that objections to purchasing are only excuses to postpone making a decision.
   d. suggest merchandise which has been featured in national ads.

2. Customer-oriented selling means

   a. satisfying the needs and wants of the customer.
   b. acting as an order taker when a customer says "I'll take this."
   c. ringing up the sale on the cash register.
   d. convincing any customers that selling is hard work.

Answers

1. b.
2. a.

COMPETENCY

Describe the selling function.

INSTRUCTIONAL ACTIVITY

Assign the following problem for class discussion.

Peter Borden is manager of the Denim Shop, a retail store in a shopping center that specializes in selling jeans and related clothing to young people. He needs a new salesperson and has just completed interviewing three people of whom he plans to hire one for the job. After each interview, Mr. Ponticello made notes about each person. He must now select the one who will be best for the job.

John Courtney:	Age 19, very neat appearance; no prior selling experience but has done bookkeeping work; very serious person; needs the job to stay in college.
Jennie Lanier	Age 30; very casual appearance; some experience selling shoes at another store in the same shopping center; easygoing type of person; wants to have her own clothing store someday but thinks she needs more experience.
Jill Taylor	Age 46; somewhat overweight; had some experience selling fashion clothes when she was young but tired of it; smiles, jokes, and laughs a lot; children have grown up so she wants to get back into the work world to keep herself busy.

Questions to be answered:

1. What are the strengths and weaknesses of each applicant?
2. Which person should Peter hire? Give reasons for your answer.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF SALES AND PROMOTIONS

COMPETENCY

Describe the promotion function.

PERFORMANCE OBJECTIVE

Upon completion of instruction, the student will be able to describe the function of promotion.

INSTRUCTIONAL ACTIVITIES

1. Define promotion communication between the seller of goods or services and potential buyers of those goods and services. The elements include personal selling advertising, visual merchandising publicity (public relations), and sales promotion; review definition of elements.
2. Discuss the function of promotion. The function of promotion may include
    a. informing customers that the product or service is available.
    b. informing customers where product may be purchased.
    c. introducing a new product, service, or business.
    d. announcing improvements of product change.
    e. reinforcing product features or benefits.
    f. making a brand, trademark, or slogan familiar.
3. Promotional planning should include
    a. defining the objectives
    b. choosing the appropriate promotional mix.
    c. evaluating the effectiveness of promotional efforts.
4. Have students develop a promotional campaign for a specific business.
5. Invite a guest speaker from a local advertising agency to describe local promotions.

INSTRUCTIONAL MATERIALS/RESOURCES

The National Center for Research in Vocational Education, PACE, Level 2, Units 13 and 14.
Cushman and Dagget. **Retail Merchandising**, 9th edition, Chapter 30.

EVALUATION

The student will describe in writing the function of sales promotion.

COMPETENCY

Describe the promotion function.

INFORMATION SHEET

For most businesses, the objectives of promotion include the following:

1. Increase sales
2. Increase information
3. Maintain market position
4. Expand market geographically
5. Expand to reach new groups
6. Get present buyers to increase purchases
7. Stimulate long term demand on sales
8. Stimulate long term demand
9. Create good will
10. Prepare way for personal selling.

COMPETENCY

Describe the promotion function.

QUESTIONS

1. The use of paid messages promoting a service, product, or idea directed at an audience through various mass media by an identified sponsor is called

   a. selling.
   b. merchandising.
   c. publicity.
   d. advertising.

2. The combination of various methods of promotion by a marketing business is called

   a. visual merchandising.
   b. non-personal promotion.
   c. channel of communication.
   d. promotional mix.

Answers

1. d.
2. d.

COMPETENCY

Describe the promotion function.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion:

The Main Muffler Company, located in a city of 350,000 persons, is one of two service centers that specialize in the replacement of mufflers on all makes of automobiles. The company wishes to stimulate business by using advertising to announce a special reduced rate for installing mufflers during a two-week period. A daily newspaper and three radio and two television stations are available for advertising in the city.

Questions to be answered.

1. Describe the general considerations the manager should have when planning the campaign.
2. Describe and list the steps to be used in buying advertising space.
3. What specific methods of advertising should be considered?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF SALES AND PROMOTIONS

COMPETENCY

State the relationship of sales and promotion.

PERFORMANCE OBJECTIVE

Upon completion of instruction, the student will state the relationship of sales and promotion.

INSTRUCTIONAL ACTIVITIES

1. Review marketing mix - product, place, price, promotion. Selling is helping customers make wise buying decisions. In order to make good promotional decisions a business person must consider customers, competitor, and the company's product.
2. Review definition of promotion--includes selling, advertising, usual merchandising, publicity, and sales promotion. Promotion is used to inform potential customers so that they will buy the business products or services and be satisfied with their purchase.
3. Divide students into groups and have them prepare a list of ways selling can promote the business.
   Example: Satisfied customers
   a. return for repeat sales
   b. tell others about the business
   c. promote the store image
   d. increase profits
   e. enjoy goods or services received
   f. expect product information
   g. appreciate personal attention and reassurance
   Good salespeople are aware of business overall promotional plan.
4. Assign students to role play a personal selling situation.
5. Invite panel of guest speakers involved in various types of selling.

INSTRUCTIONAL MATERIALS/RESOURCES

The National Center for Research in Vocational Education, PACE, Level 2, Units 13 and 14.
Cushman and Dagget. **Retail Merchandising**, 9th edition, Chapter 30.

EVALUATION

The student will explain in writing the relationship of sales and promotion.

COMPETENCY

State the relationship of sales and promotion.

INFORMATION SHEET

Promotion aims to inform and persuade consumers. Promotion involves both advertising and personal selling. Advertising communicates to potential customers through some mass medium the benefits of a good or service. Personal selling involves the art of persuasive sales on a one-to-one basis.

Although advertising cannot create demand for a product, it certainly can awaken the demand for a good. Its purposes are to create a brand image, to persuade customers to buy, and to develop brand loyalty. Federal Express developed a series of ads that performed these functions quite well ("When it absolutely, positively has to be there overnight"). Customers noticed the ads and identified with the situations they portrayed. Advertising can take many forms and is put before the public through a variety of media.

Personal selling may be more art than science. It is especially important to small businesses because of their limited (and sometimes deficient) advertising budgets. Therefore, it is critical that the small business owner hire qualified, competent sales representatives and invest enough money to train them adequately. To customers, sales representatives *are* the company. Impolite, impatient, or incompetent sales personnel reflect negatively on the business. The wise small business owner will maintain close contact with the firm's customers to get constant feedback on sales representatives' effectiveness.

COMPETENCY

State the relationship of sales and promotion.

QUESTIONS

1. In the selling process, a salesperson should always translate selling features into

   a. simple language.
   b. buyer benefits.
   c. personnel policies.
   d. gross profit.

2. Communication between the seller of goods or services and potential buyers of those goods is called

   a. sales promotion.
   b. marketing segmentation.
   c. industrial selling.
   d. merchandise management.

Answers

1. b.
2. a.

COMPETENCY

State the relationship of sales and promotion.

INSTRUCTIONAL ACTIVITY

You are the owner of a specialty shop and have decided that five percent of the season's planned sales will be spent on promotion. Determine what the promotional budget will be for each month and the total for the six-month period.

	Planned Sales	Promotion Budget
August	$ 8,100	$ ________
September	7,500	________
October	7,200	________
November	12,700	________
December	15,300	________
January	6,100	________
Total	56,900	________

Answers

August	$405
September	$375
October	$360
November	$635
December	$765
January	$305
Total	$2,845

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF SALES AND PROMOTIONS

COMPETENCY

List how to plan for special events and public relations activities.

PERFORMANCE OBJECTIVE

Following classroom lecture, the student will list how to plan for special events and public relations activities.

INSTRUCTIONAL ACTIVITIES

1. Develop a list of special events on board. Examples may include these: holidays, inventory clearance, back to school, anniversary sale, bridal promotions.
2. Discuss public relations - developing good will between the business and customers or the community.
3. Have students develop a special events calendar for advertising and/or display. Include actual available media. Have students determine costs.
4. Discuss the necessity of identifying 8 objectives of public relations - sales and repeat sales.
5. Review definition of planning - setting goals and devising specific activities, procedures, and schedules.
   a. Set objectives
   b. List alternative ways to obtain objective
   c. Evaluate alternatives
   d. Make decisions
6. Review budgeting. Have students prepare a sales promotion budget for a retail store.

INSTRUCTIONAL MATERIALS/RESOURCES

Cushman and Dagget. **Retail Merchandising,** Chapter 34.

EVALUATION

The student will explain how to plan special events and public relations activities.

COMPETENCY

List how to plan for special events and public relations activities.

INFORMATION SHEET

The press can be either a valuable friend or a fearsome foe to a small business, depending on how well the owner handles his/her firm's public relations. Too often, managers take the attitude, "My business is too small to be concerned about public relations." However, the wise small business manager recognizes that investing time and money in public relations benefits both the community and the company. The community gains the support of a good business citizen, and the company earns a positive image in the marketplace.

Many small businesses rely on media attention to get noticed. While such publicity may not be free, it definitely can lower the firm's advertising expenditures *without* suffering a lack of customer recognition.

Depending on the business, the manager will want to use a calendar to schedule advertising and public to coincide with traditional retail events (i.e., Christmas, Easter, etc.).

COMPETENCY

List how to plan for special events and public relations activities.

QUESTIONS

1. An appropriate display for Halloween would include

   a. books, records, and stationery.
   b. greeting cards, perfume, and flowers.
   c. shoes, scarves, and jewelry.
   d. candy, flashlights, and costumes.

2. An example of a special promotional event would be (an)

   a. grand opening sale.
   b. point of sale terminal.
   c. inter-office memorandum.
   d. feature-benefit presentation.

Answers

1. d.
2. a.

COMPETENCY

List how to plan for special events and public relations activities.

INSTRUCTIONAL ACTIVITY

Prepare a special events calendar for a medium size department store. One major event is listed for each month. Add additional events that management may consider during each month.

Month	Promotional Events
January	White Sales
	____________________
	____________________
February	Housewares Promotion
	____________________
	____________________
March	Spring Fashion Sales
	____________________
	____________________
April	Bathing Suit/Beachwear Promotion
	____________________
	____________________
May	Graduation Promotion
	____________________
	____________________
June	Father's Day Promotion
	____________________
	____________________

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGEMENT OF SALES AND PROMOTIONS

COMPETENCY

State the importance of maintaining a check on competitors' promotions.

PERFORMANCE OBJECTIVE

Upon completion of classroom instruction, the student will state the importance of maintaining a check on competitors' promotions.

INSTRUCTIONAL ACTIVITIES

1. Review definitions of promotional mix and competition.
2. Review objectives of promotional planning.
3. List the factors to consider in choosing a promotional mix:
    a. Size of the marketing business
    b. Type of product or service sold
    c. Promotional efforts of competition
    d. Amount of money available to spend
    e. Stage of product or service in product life cycle.
4. Have students compare local supermarket advertisements in the newspaper. Discuss the days of week advertising occurs and reasons.
5. Discuss laws related to Fair Trade Laws. Examples are as follows:
    a. The Federal Trade Commission Act (1914)
    b. Sherman Antitrust (1890)
    c. Clayton Act (1914)
    d. Robinson Patman (1936)
    e. Wheeler - Lea Act (1938)

INSTRUCTIONAL MATERIALS

Hunt and Stull. **Marketing: An Introduction,** Chapter 10.
Everard and Burrow. **Business Principles and Management,** Chapter 4.

EVALUATION

After class discussion, the student will state the importance of maintaining a check on competitor's promotions.

COMPETENCY

State the importance of maintaining a check on competitors' promotions.

INFORMATION SHEET

In most cases, the small business owner must match the prices charged by nearby competitors on identical items, unless the firm's customers perceive a difference in the quality and the quantity of "extras" provided. If the firm cannot justify an unfavorable price differential through a positive image, sales will suffer. For example, if a self-service station charged a nickel more per gallon for gasoline than another self-service station across the street, customers would simply go across the street to buy. Without the advantage of a unique business image--quality of goods sold, number of services provided, convenient location, favorable credit terms--the small company must match local competitors' prices or lose sales. While the prices that distant competitors charge are not nearly as critical to the small business as those of local competitors, it can be helpful to know them and to use them as reference points.

The nature of the goods competitors sell also influences the small firm's pricing policies. The manager must recognize which products are substitutes for those he/she sells and then strive to keep prices in line with them. For example, the local sandwich shop should consider the hamburger restaurant, the taco shop, and the roast beef shop as competitors since they all serve fast foods. Although none of them offers the identical menu of the sandwich shop, they all compete for the same quick meal dollar. Of course, if the small firm can differentiate its product by creating a distinctive image in the consumer's mind, it can afford its own line of prices.

Generally, the small business manager should avoid head-on competition with other firms that can more easily achieve lower prices through a more favorable cost structure, quantity discounts, and other factors. Most locally owned drugstores cannot compete with the prices of large national drug chains.

However, many local drugstores operate successfully by using nonprice competition; these stores offer more personal service, free delivery, credit sales, and other "extras" the chains eliminate. Nonprice competition can be an effective strategy for a small business in the face of larger, more powerful enterprises, especially since there are many dangers in experimenting with price changes. For instance, shifts cause fluctuations in sales volume that the small firm may not be able to tolerate. Also, price changes may damage the company's image and its customer relations.

COMPETENCY

State the importance of maintaining a check on competitors' promotions.

QUESTIONS

1. In developing a promotional plan for a small clothing store, which factor would not be a major consideration?

    a. The product life cycle
    b. Promotional efforts of competition
    c. Money available to spend
    d. The Federal Trade deficit

2. Which of the following would enable you to maintain a check on your competitors' promotional campaign?

    a. Comparison shopping
    b. Institutional advertising
    c. Economic indicators
    d. Accounts receivable

Answers

1. d.
2. a.

COMPETENCY

State the importance of maintaining a check on competitors' promotions.

INSTRUCTIONAL ACTIVITY

Collect several grocery store newspaper ads that appear the same week. Compare the following:

	Ad #1	Ad #2	Ad #3
Name of store	__________	__________	_____ _____
Size of ad	__________	__________	__________
Price promotions in meats	__________	__________	__________
	__________	__________	__________
Price promotions in produce	__________	__________	__________
	__________	__________	__________
Special promotions offered (trading stamps, games, free products with purchase, etc.)	__________	__________	__________
	__________	__________	__________
Day of the week ad appeared	__________	__________	__________

MANAGING CUSTOMER RELATIONS

Explain how attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

Explain how special customer services and accommodations build good will and help increase sales.

Identify and use acceptable techniques in handling customer complaints.

Identify that although price is an important reason for starting to trade at a store location, quality, variety,and human relations encourage continued trading.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING CUSTOMER RELATIONS

COMPETENCY

Explain how attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

PERFORMANCE OBJECTIVE

Following classroom discussion, the student will state how attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

INSTRUCTIONAL ACTIVITIES

1. Have students write down reasons they think the appearance of the store building is important.
2. Discuss some factors to consider when selecting a building, such as:
   a. exterior - construction roof, windows, entrances
   b. interior - shape and space necessary for type of business.
   c. equipment - building equipment, selling equipment, non-selling equipment

   Examples:
   a. Building Equipment - heating and cooling, floor coverings
   b. Selling fixtures - garment racks, turntables, counters, shelves, registers, scales, computer terminals
   c. Non-selling - shipping and delivery equipment, alterations, receiving and marking equipment.
3. Discuss store image - the mental concept customers have of a business which is created through store layout, equipment and lighting, store decorations, merchandise, services, advertising, and performance of employees.
4. Have students design a store layout. Obtain equipment and fixture catalogs from local merchants and select equipment for a specific type of business.

INSTRUCTIONAL MATERIALS/RESOURCES

Cushman and Dagget. **Retail Merchandising,** 9th edition, Chapters 12 and 13.

EVALUATION

The student will explain why attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

COMPETENCY

Explain how attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

INFORMATION SHEET

A small firm's physical facilities and layout can enhance or restrict its ability to serve customer needs and generate a profit.

The building must be large enough to accommodate normal business operations. Selecting a facility that is too small and cannot be expanded may force the owner to make several expensive moves as the business grows.

The building should be structurally sound and attractive. Often, this determines the customer's impression of the business, and the building's appearance must be consistent with the firm's image. The store front should be fresh and clean; it should offer customers a clear view of the merchandise for sale, inviting them to enter. There should be no barriers which discourage customers from entering the store. The building should provide easy access for handicapped customers.

Signs are an important part of a business's exterior environment. Signs tell customers who you are, where you are, and what you sell. They should be attractive and properly maintained.

Evaluating the building's interior involves many of the same considerations as analyzing its exterior. Floors should be sturdy, durable, and easy to maintain. The owner should check to see if walls and ceilings are soundproof and fireproof. Lighting should be bright enough to get the job done but not so bright that it glares or detracts from the merchandise being displayed.

Color can brighten the store's overall appearance and can create images and impressions in the consumer's mind. The manager can use certain colors to complement the merchandise displayed. Generally, the retailer should avoid bright colors that overpower the merchandise.

Layout for a retail store depends on the owner's understanding of customers' buying habits. Retailers have three basic layout principles to follow--the grid, the free-form, and the boutique.

Certain areas of the store represent a greater value than others. Main-level selling areas contribute more to sales than sites on other levels. Locations at the intersection of main shipping corridors provide greater customer exposure and are more valuable. The farther a selling area is from the store's entrance, the less valuable it is.

COMPETENCY

Explain how attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

QUESTIONS

1. Which of the following does not promote a favorable store image to customers?
    - a. Enthusiastic salespeople
    - b. Attractive facilities
    - c. Dissatisfied customers
    - d. Usual merchandising
2. Which of the following could damage a store's image?
    - a. Adequate lighting
    - b. Rude employees
    - c. Credit card acceptance
    - d. Computerized cash registers

Answers

1. c.
2. b.

COMPETENCY

Explain how attractive facilities help meet competition, encourage one-stop shopping, and attract customers.

INSTRUCTIONAL ACTIVITY

Conduct a survey of a discount store, a clothing specialty store, a department store, and a supermarket. Observe the layout, lighting, decor, and general housekeeping of each. Rate the store on a scale of one (poor) to ten (excellent).

	Layout	Lighting	Decor	Housekeeping
Discount Store	_____	_______	_____	____________
Name __________________				
Specialty Store	_____	_______	_____	____________
Name __________________				
Department Store	_____	_______	_____	____________
Name __________________				
Supermarket Name __________________	_____	_______	_____	____________

Write a summary of your findings.

Did you observe any problems in any of the stores? If so, what? Make recommendations for improvement.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING CUSTOMER RELATIONS

COMPETENCY

Explain how special customer services and accommodations build good will and help increase sales.

PERFORMANCE OBJECTIVE

Following classroom instruction, the student will state how customer services and accommodations build good will and increase sales.

INSTRUCTIONAL ACTIVITIES

1. Discuss the various types of customer services offered by business.
   A. Merchandise services may include
      1. credit.
      2. delivery.
      3. installation.
      4. repair.
      5. alteration.
      6. handling of complaints and adjustments.
   B. Non-merchandising services include
      1. travel agency
      2. beauty salon
      3. restaurant
      4. bakery
      5. candy shop.
2. Discuss the concept of accommodations - something supplied for convenience or to satisfy a need.
   Examples may include public restrooms, pay telephones, free parking.
3. Have class discussion on importance of credit cards, delivery, repair, etc. in today's society, e.g. consider the number of people who work, specialization of products which must be repaired by experts, people who want one-stop shopping - popularity of malls.
4. Define good will - the prestige that a business has acquired beyond the value of what it sells.

INSTRUCTIONAL MATERIALS/RESOURCES

Cushman and Dagget. **Retail Merchandising,** 9th edition, Chapter 44.

EVALUATION

After class discussion, the student will list customer services which tend to build good will and increase sales.

COMPETENCY

Explain how special customer services and accommodations build good will and help increase sales.

INFORMATION SHEET

Merchants must set four different categories of service policies: selling and shopping services, convenience services, profit services, and community services. The services most commonly used by customers are those associated with merchandise. Selling and shopping services include personal selling, self-service, self-selection, wrapping or bagging, returns and adjustments, delivery, and alteration target market factors determine which will be offered. Convenience services are non-merchandise efforts to make shopping more comfortable to customers. Examples of convenience services are information desks, parking, and appropriate store hours. Some stores provide services for the purpose of making a profit. Profit services include restaurants, insurance desks, and equipment rentals. Community services are contributions of money, staff time, or store facilities for the purpose of aiding some activity of interest to the community. These may include sponsorship of sport teams, contests, or entertainment programs. As important as the service policies is the way in which the services are provided. A store's customer relations policy states how, in general, customers are to be treated to maintain their good will.

COMPETENCY

Explain how special customer services and accommodations build good will and help increase sales.

QUESTIONS

1. Businesses often spend money on free customer services to increase sales and to build

   a. good will.
   b. accounts receivable.
   c. another store.
   d. security.

2. Which one of the following factors determines which services a retailer will offer customers?

   a. Target market
   b. Competitors prices
   c. Employee turnover
   d. Business cycles

Answers

1. a.
2. a.

COMPETENCY

Explain how special customer services and accommodations build good will and help increase sales.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

1. Find three retail stores in your area that deliver purchases. Discover and list the delivery policy of each store.
2. Identify a large department store in your city. List the community services provided by this store.

Questions to answer.

a. From each store above, list the reasons each store provides that service.

b. How does each store justify the additional costs of the services?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING CUSTOMER RELATIONS

COMPETENCY

Identify and use acceptable techniques in handling customer complaints.

PERFORMANCE OBJECTIVE

Upon completion of classroom instruction, the student will identify and use acceptable steps in handling customer complaints.

INSTRUCTIONAL ACTIVITIES

1. Define customer complaint - an expression of dissatisfaction about a product, service, or store policy after the sale.
2. Discuss reasons why employees must handle complaints carefully. If handled poorly customer may never return to store (lost sales); if handled correctly can build good will and the customer will return.
3. List steps in handling complaints:
   a. Let customer explain the complaint thoroughly without interruptions.
   b. Restate the major points of the complaints so that you are sure you understand the facts.
   c. Ask customer what he/she feels would be an acceptable solution or adjustment.
   d. Take action. Be friendly, courteous, and fair.

INSTRUCTIONAL MATERIALS/RESOURCES

Ditzenberger and Kidney. **Selling: Helping Customers Buy**, Chapter 17.
Ernest and Ashmun. **Selling Principles and Practices,** 5th edition, Chapter 23.

EVALUATION

The student will list the steps in handling customer complaints.

260

COMPETENCY

Identify and use acceptable techniques in handling customer complaints.

INFORMATION SHEET

There are three major kinds of complaints: (1) complaints about merchandise, (2) complaints about service, and (3) complaints about billing. A merchandise complaint may be about a gift article of clothng that does not fit properly or about a defective home appliance. A service complaint may be about late delivery. A billing complaint may concern an incorrect price recorded on a customer's charge account. Complaints may be caused by poor quality merchandise, carelessness in sales tranactions, inefficient service, or poor sepervision of new salespeople.

Customers should be allowed to explain their reasons for making a complaint, and the salesperson should listen attentively. The salesperson should then ask questions to uncover any facts that seem to be missing. Often, an adjustment is needed to satisfy the customer.

Whoever makes it, the adjustment will be influenced by several factors: (1) the cost of the item in question, (2) the value of the customer to the store, (3) how often the customer makes complaints, and (4) the validity of the complaint.

If a number of adjustments have already been made and if, upon examination, the goods do not seem to be in such condition as to warrant a complaint, the salesperson should refer the customer to the department manager or to the customer service office where the adjustment may be refused. The store may lose the customer's patronage, but the cost of making the adjustments demanded is probably greater than the loss of business.

COMPETENCY

Identify and use acceptable techniques in handling customer complaints.

QUESTIONS

1. An expression of dissatisfaction about a product, service, or store policy after a sale is called a (an)

   a. sales objection.
   b. buying error.
   c. operating expense.
   d. customer complaint.

2. Procedures used by business to insure that all customers received consistent solutions to complaints are called

   a. policy.
   b. cooperation.
   c. collective bargaining.
   d. public relations.

Answers

1. d.
2. a.

COMPETENCY

Identify and use acceptable techniques in handling customer complaints.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

As a salesperson in a local furniture store, you greet Mrs. Linda Smith, who wants to return an upholstered chair. She produces the chair and points to a (cigarette) burn mark on a cushion. She contends that this mark was made on the chair before she bought it and demands a refund.

Questions to answer

1. How would you answer her complaint?
2. What would be your response?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

MANAGING CUSTOMER RELATIONS

COMPETENCY

Identify that although price is an important reason for starting to trade at a store location, quality, variety, and human relations encourage continued trading.

PERFORMANCE OBJECTIVE

After classroom lecture the student will identify important reasons why customers trade at a store.

INSTRUCTIONAL ACTIVITIES

1. Review the marketing concept.
2. Define merchandising - some books refer to this as "the classic definition of retailing" - having the right goods and services at the right place, at the right time, at the right price, and in the right quantities (5 rights of merchandising).
3. Discuss each of the rights and the rolls they play in customer buying.
4. Discuss patronage motive reasons why people shop at a specific business.
5. Have students develop a list of reasons they shop at a specific store. Examples:
   a. Helpful salespeople
   b. Selection of merchandise
   c. Location
   d. Services
   e. Advertising
   f. Store appearance

INSTRUCTIONAL MATERIALS/RESOURCES

Cushman and Dagget. **Retail Merchandising,** Chapter 1.
Ditzenberger and Kidney. **Selling Helping Customers Buy,** Chapter 2.

EVALUATION

The student will list reasons why customers shop and purchase from specific businesses.

COMPETENCY

Identify that although price is an important reason for starting to trade at a store location, quality variety, and human relations encourage continued trading.

INFORMATION SHEET

After a consumer has decided to purchase a particular product or service, the store is selected. The factors that influence these choices are called **patronage buying motives**. Some common patronage motives are (1) the reputation of the seller, (2) past experience, (3) store personnel, (4) prices, (5) services, (6) location, and (7) the merchandise carried.

Reputation of the Seller. Is the seller respected in the community? What do friends and family say about the store? Do they regard it as a good place to shop?

Past Experience. How is past consumer experience(s) with the business? Is patronage appreciated?

Store Personnel. Are the employees friendly and helpful? Are they knowledgeable about the products or services?

Prices. How do the prices compare with those charged by similar stores? If prices are higher, does the consumer get more value?

Services. Are services such as free assembly or free repair provided within a reasonable time? Does the store offer other supporting services such as delivery, check-cashing privileges, or charge accounts?

Location. Is the business easy to reach? Is parking space available?

Merchandise Carried. Does the store carry a wide assortment of merchandise in various colors or styles? Can the consumer compare several models or prices?

COMPETENCY

Identify that although price is an important reason for starting to trade at a store location, quality, variety, and human relations encourage continued trading.

QUESTIONS

1. Having the right product or services at the right place, at the right time, at the right price, and in the right quantities is

    a. selling.
    b. wholesaling.
    c. merchandising
    d. productivity.

2. The reasons why people shop at a specific business are known as

    a. product motives.
    b. patronage motives.
    c. fringe benefits.
    d. possession utility.

Answers

1. c.
2. b.

COMPETENCY

Identify that although price is an important reason for starting to trade at a store location, quality, variety, and human relations encourage continued trading.

INSTRUCTIONAL ACTIVITY

Make a list of services that a store may offer the coustomer. Beside each, list why you think the service is important for store image.

Describe the image personal selling creates as opposed to self-service or self-selection. What effect does this have on the price of merchandise?

ENTREPRENEURSHIP

Define *entrepreneurship*.

List the personal qualities and skills needed to be a successful entrepreneur.

List the costs that must be considered when starting a business.

Select the best location and layout for a business.

Identify the factors in business failure and success.

Identify cooperative arrangements: franchises and investments.

Describe the legal forms of retail business.

Define and list advantages and disadvantages of small businesses.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

Define *entrepreneurship*.

PERFORMANCE OBJECTIVE

Following class discussion, the student will define the term *entrepreneurship* as the practice of organizing and assuming the risk of business.

INSTRUCTIONAL ACTIVITIES

1. Define *entrepreneur* as a person who organizes, manages, and assumes the risks of starting a business.
2. Discuss why an individual might want to be an entrepreneur.
3. Organize a panel of guest speakers to discuss why they decided to become entrepreneurs.
4. Have students interview a local entrepreneur.
5. Give each student a research assignment on a well-known business person such as Penny, Sears, Strauss.

INSTRUCTIONAL MATERIALS/RESOURCES

Everard and Burrow. **Business Principles and Management,** Chapter 2.

EVALUATION

The student will define the term *entrepreneurship*.

COMPETENCY

Define *entrepreneurship*.

INFORMATION SHEET

Entrepreneurship is a nonrestrictive term that means the process of organizing, managing, and being liable for a business. The following types of businesses are the most common.

1. **Retail Stores** - This is the most common and most visible of the new business enterprises. It is generally the most expensive to start and has the most competition. Retail stores that are independently owned and operated account for 95 percent of the retail sales. A few examples of retail stores are: convenience stores, specialty shops, clothing stores, hardware stores, auto parts firms, restaurants, fast-food establishments, and food marketing firms.

2. **Service Businesses** - The fastest growing segment of the small business community is made up of service firms. A service business employs people who specialize in skilled work that consumers need in the course of everday life. Some examples are: barber shops, health spas, advertising agencies, service stations, laundromats and dry cleaners, appliance repair businesses, theaters, bowling alleys, educational services, consulting firms, and day care centers.

3. **Wholesale Businesses** - Wholesalers purchase large quantities of merchandise from manufacturers and then distribute smaller quantities to retailers. Examples of wholesalers are: distributors of auto parts, paint, and perishable items such as produce, flowers or meat.

4. **Cottage Industries** - With the high cost of beginning a business, many entrepreneurs have chosen to use their own homes to begin their business. A wide array of businesses now are categorized as cottage businesses and operate successfully out of the proprietor's home. Examples are: pottery and jewelry business, furniture refinishing, and distributorship of such products as Amway or Shaklee.

5. **Urban Street Sales** - Following ancient practices of street vendors, urban street sales are making a strong comeback in recent years. The entrepreneur peddles his or her wares to passing pedestrians. In some areas street vendors are controlled by city and state ordinances and require licenses, and in some cases, must pay rental for street space.

COMPETENCY

Define *entrepreneurship*.

QUESTIONS

1. One who organizes, manages, and assumes the risks of a business is called a/an

   a. entrepreneur.
   b. owner.
   c. chairman.
   d. economist.

2. An entrepreneur

   a. sells goods and services to the ultimate consumer.
   b. lowers taxes on material goods owned by a business.
   c. regulates licensing laws and zoning and building codes of local governments.
   d. organizes, manages, and assumes the risks of a business.

Answers

1. a.
2. d.

COMPETENCY

Define *entrepreneurship*.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Complete the banks below, indicating the type of business each represents

a) Barber shops ______________________________

b) Street corner flower vendor ______________________________

c) In-home child care ______________________________

d) Taco Bell ______________________________

e) Mobile service station ______________________________

f) Apparel & accessories store ______________________________

g) Advertising agency ______________________________

h) Anybody's drug store ______________________________

i) Pat's Auto Parts ______________________________

j) NAPA Auto Parts & Distributors ______________________________

Answers

a. service
b. streetsales
c. cottage
d. rental
e. service
f. retail
g. service
h. retail
i. retail
j. retail

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

List the personal qualities and skills needed to be a successful entrepreneur.

PERFORMANCE OBJECTIVE

Following classroom discussion, students will list personal skills and qualities needed by successful entrepreneurs.

INSTRUCTIONAL ACTIVITIES

1. Have students prepare a list of personality characteristics which are necessary to be a successful entrepreneur.
2. Have students complete a list of their personality traits and individual skills to determine their ability to be successful entrepreneurs.
3. Discuss reasons why people go into business.
4. List some problems encountered in being an entrepreneur.
5. Have guidance counselor administer personality likes/dislikes tests to determine career choices.
6. Discuss "gambling" and entrepreneurship.
7. Optional - introduce goal setting and time management.

INSTRUCTIONAL MATERIALS/RESOURCES

National Center for Research in Vocational Education, PACE, Level 2, Unit 2.
Everard and Burrow. **Business Principles and Management,** Chapter 7.

EVALUATION

Students will list personal qualities and skills needed by entrepreneurs.

COMPETENCY

List the personal qualities and skills needed to be a successful entrepreneur.

INFORMATION SHEET

Some common characteristics of successful entrepreneurs include the following:

Tough-minded
Willing to work
Self-confident
Take reasonable risks
Flexible
Creative
Goal setting
Problem solving
Desire for profit
Enthusiastic

Starting Your Own Business

Some common characteristics of entrepreneurs:

1. aspire to fame and fortune.
2. desire to achieve.
3. want to be the boss.

Some common qualities of an entrepreneur:

1. energy
2. versatility
3. adaptability
4. willingness to serve
5. aspirations
6. integrity
7. experience
8. managerial ability
9. planning ability

COMPETENCY

List the personal qualities and skills needed to be a successful entrepreneur.

QUESTIONS

1. A personal characteristic needed by successful entrepreneurs is

    a. versatility.
    b. attractiveness.
    c. vulnerability.
    d. accessability.

2. Potential entrepreneurs should consider their personal skills before entering a business. Personal skills include all of the following except

    a. experience.
    b. managerial ability.
    c. planning goals.
    d. financial strength.

Answers

1. a.
2. a.

COMPETENCY

List the personal qualities and skills needed to be a successful entrepreneur.

Assign the following for class discussion.

INSTRUCTIONAL ACTIVITY

How Do I Rate?

Read each question. Read each answer carefully. Take a moment and reflect on your background and experience and answer honestly. Check the answer that actually reflects your honest reaction, not just the one that sounds good.

RATING SCALE FOR GOING INTO BUSINESS

1. Ae you a self-starter?
    ____ I do things on my own. Nobody has to tell me to get going.
    ____ If someone gets me started, I keep going all right.
    ____ Easy does it. I don't put myself out until I have to.

2. How do you feel about other people?
    ____ I like people. I can get along with just about anybody.
    ____ I have plently of friends; I don't need anyone else.
    ____ Most people irritate me.

3. Can you lead others?
    ____ I can get most people to go along when I start something.
    ____ I can give the orders if someone tells me what we should do.
    ____ I let someone else get things moving; then I go along if I feel like it.

4. Can you take responsibility?
    ____ I like to take charge of things and see them through.
    ____ I'll take over if I have to, but I'd rather let someone else be responsible.
    ____ There's always some eager people around wanting to show how smart they are. I say let them.

5. How good an organizer are you?
    ____ I like to plan before I start. I'm usually the one to get things lined up when the gang wants to do something.
    ____ I do all right unless things get too goofed up, then I quit.
    ____ You get all set and then something comes along and ruins it, so I just take things as they come.

6. How good a worker are you?
    ____ I can keep going as long as I need to. I don't mind working hard for something I want.
    ____ I'll work hard for a while, but when I've had enough, that's it!
    ____ I can't see that hard work gets you anywhere.

COMPETENCY

List the personal qualities and skills needed to be a successful entrepreneur.

INSTRUCTIONAL ACTIVITY continued

7. Can you make decisions?
____ I can make up my mind in a hurry if I have to. It usually turns out OK.
____ I can if I have plenty of time. If I have to make up my mind fast, I think later I should have decided the other way.
____ I don't like to be the one who has to decide things. I'd probably be wrong.

8. Can people trust what you say?
____ You bet they can. I don't say things I don't mean.
____ I try to be on the level most of the time, but sometimes I just say what's easiest.
____ What's the problem if the other fellow doesn't know the difference?

9. Can you stick with it?
____ If I make up my mind to do something, I don't let anything stop me.
____ I usually finish what I start--if it doesn't get fouled up.
____ If it doesn't go right away, I turn off. Why beat your brains out?

10. How good is your health?
____ I never run down!
____ I have enough energy for most things I want to do.
____ I run out of energy sooner than most of my friends.

Now count the checks you made.

____ How many checks are there beside the first answer to each question?
____ How many checks are there beside the second answer to each question?
____ How many checks are there beside the third answer to each question?

If most of your checks are beside the first answers, you probably have what it takes to run a business. If not, you're likely to have more trouble than you can handle by yourself. Better find a partner who is strong on the points you're weak on. If many checks are beside the third answer, not even a good partner will be able to help you.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

List the costs that must be considered when starting a business.

PERFORMANCE OBJECTIVE

Following classroom discussion, the student will list the costs that must be considered when starting a new business

INSTRUCTIONAL ACTIVITIES

1. Have students brainstorm about possible costs involved in starting a business.
2. Invite a guest speaker who started a small business in your community.
3. Invite small business administration representative to speak.
4. Have students design plans for financing their own businesses.

INSTRUCTIONAL MATERIALS/RESOURCES

National Center for Research in Vocational Education, PACE, Level 2, Unit 8.

EVALUATION

The student will list costs to consider when starting a business.

278

COMPETENCY

List the costs that must be considered when starting a business.

INFORMATION SHEET

How much money a business needs depends on

a. type of business (or nature of business).
b. size of business.
c. location.
d. economic conditions.
e. merchandise inventory required.
f. credit policies.
g. trade assistance.

Some costs to consider:

a. Salary of owner
b. employee wages and salaries
c. rent
d. advertising
e. utilities
f. merchandise inventory
g. equipment and fixtures
h. supplies
i. licenses and permits
j. taxes
k. legal and professional fees
l. maintenance.

Other costs: decorating, remodeling, deposits, special advertising for opening, operating cash.

COMPETENCY

List the costs that must be considered when starting a business.

QUESTIONS

1. Operating expenses include items such as

   a. monthly rent, utilities, payroll.
   b. business licenses, starting inventory, advertising.
   c. house payment, food costs, clothing.
   d. accounts receivable, professional fees, permits.

2. Which type of merchandise inventory would usually require the largest starting and operating cost?

   a. A furniture store
   b. A clothing store
   c. A toy shop
   d. A greenhouse

Answers

1. a.
2. b.

COMPETENCY

List the costs that must be considered when starting a business.

INSTRUCTIONAL ACTIVITY

Assign the following for class discussion.

Start-up costs are the expenses you will have in setting up shop. Some of the expenses are **ongoing** (meaning they will be continuous, usually monthly) such as rent or payroll. Other expenses are **one-time costs**, such as the cost of placing a sign on the front of the building. Such expenses generally do not need to be repeated. Other examples of each type of expense are as follows:

Ongoing

salaries
rent
advertising
transportation
telephone
gas
water
electric
insurance
taxes
interest on loans
repairs and maintenance
consultation fees
employee training
unexpected needs

One-time costs

fixtures
equipment
deposits
installation charges
beginning inventory
consultation fees
licenses and permits
opening advertising program
cash

Questions to answer.

1. As a percentage of annual sales for a small retail store how much should the cost of goods be?

2. As a percentae of annual sales for a small retail store, how much should overhead (rent, utilities, repairs, and supplies) cost?

Answers

a) 60%
b) 7-10%

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

Select the best location and layout for a business.

PERFORMANCE OBJECTIVE

The student will explain the importance of selecting the right business site following classroom discussion.

INSTRUCTIONAL ACTIVITIES

1. Explain the factors to be considered when selecting a location:
   a. economics
   b. population
   c. competition.
2. Discuss general types of available locations:
   a. center shopping districts
   b. neighborhood shopping centers
   c. shopping centers
   d. industrial parks.
3. Invite a local commercial real estate agent to speak to the class on local commercial and industrial developments.
4. Discuss local businesses which have failed because of location or which have moved to a more favorable location. Discuss local businesses which have been successful because of location.
5. Have students research costs and lease or rental of various local commercial properties.

INSTRUCTIONAL MATERIAL/RESOURCE

Samson and Little. **Retail Merchandising,** 10th edition, Chapter 13.

EVALUATION

Given class discussion, the student will describe procedures to be used in selecting a store/business location.

COMPETENCY

Select the best location and layout for a business.

INFORMATION SHEET

Selecting a business location involves several important steps. The retailer must first determine if a community has need for the type of store planned. Within the community a certain shopping district must be identified. The next step is to choose a site within a shopping district. Decisions about each of these steps depend on the type of store planned, kinds of goods to be carried, competition, community population and economy, local services and laws, and above all, the needs and wants of consumers.

COMPETENCY

Select the best location and layout for a business.

QUESTIONS

1. Which of the following best describes risk?

    a. Possibility of failure
    b. New losses of a business
    c. Insurance
    d. Protection

2. The main cause of business failure is lack of

    a. cash.
    b. experience.
    c. managerial ability.
    d. motivation.

Answers

1. a.
2. c.

COMPETENCY

Select the best location and layout for a business.

INSTRUCTIONAL ACTIVITY

Assume that you are considering opening a business in the near future. Answer the following questions that relate to considerations in business locations.

1. List the aspects of the community that need to be considered in locating a business.

2. Once the community has been chosen, shopping districts must be considered. Describe each of the following shopping districts, listing the types of stores that usually locate at each one.

   a. Central shopping district

   b. Fringes of central shopping district

   c. Secondary shopping district

   d. Planned shopping centers

   e. String streets

   f. Neighborhood shopping district

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

Identify the factors in business failure and success.

PERFORMANCE OBJECTIVE

Following classroom discussion the student will identify factors in failure and success of a business.

INSTRUCTIONAL ACTIVITIES

1. Review definition of success.
2. Define failure - business failure occurs when expenses exceed income.
3. Define bankrupt - the state or condition of one who is unable to pay debts as they are or become due. (For additional information contact a local lawyer regarding federal bankruptcy code 1979, amended 1984, 1986 Title # of the US Code)
4. Review reasons for business success.
    a. Good Management
        1. planning
        2. organizing
        3. leading
        4. controlling
    b. Competitive products or services
    c. Sufficient capital
    d. Outside expertise
5. Review reasons for business failure.
    a. Lack of managerial ability
    b. Disaster
    c. Fraud

INSTRUCTIONAL MATERIALS/RESOURCES:

National Center for Research in Vocational Education, PACE, Level 2, Unit 1.
Everard and Burrow. **Business Principles and Management,** Chapter 1.

EVALUATION:

The student will list reasons for business success and business failures.

COMPETENCY

Identify the factors in business failure and success.

INFORMATION SHEET

Successful small business owners usually have strong organizational ability, drive, and leadership. Since the typical store owner may work long hours, good physical and mental health are necessary. A successful owner-operator, on a daily basis, closely supervises the operations that can spell success or failure for a business, such as buying, selling, building and inventory supervision, recordkeeping and reporting, personnel supervision, and customer relations.

There are many characteristics that an entrepreneur must possess. But the time to evaluate these characteristics necessary for success is before, not after, a business is started. One way for the future retail operator to understand his or her own personal qualities better is through self-evaluation. Self-evaluation is an examination of one's own qualities, abilities, and background. Self-evaluation should reflect your honest feelings. Care must be taken not to allow emotions to influence your responses or answers unnecessarily.

Effective self-evaluation can often be accomplished by using a form of a rating scale or checklist. Frequently employers use this method to evaluate their employees. Perhaps you will evaluate future employees by a method similar to the one that follows.

The Small Business Administration (SBA) makes available a rating scale designed for self-evaluation for those interested in going into business. Although certainly not the only consideration for judging personal characteristics needed for retail ownership, it is at best one indication. The opinions of business associates, friends, and family members can also prove helpful.

COMPETENCY

Identify the factors in business failure and success.

QUESTIONS

1. Selecting a business location is an important factor in the success of a business. Which of the following is not a primary factor to consider?

   a. Population
   b. Economy
   c. Advertising
   d. Competition

2. In selecting the exact site for a store, the most important consideration is

   a. location.
   b. employees.
   c. design.
   d. lighting.

Answers

1. c.
2. a.

COMPETENCY

Identify the factors in business failure and success.

INSTRUCTIONAL ACTIVITY

Locate a current issue of a financial magazine such as **Money, Entrepreneur, Business Week,** etc. Summarize an article that relates to business success or failure. Be sure to include reasons for the success or failure of the business mentioned.

Locate a second article that relates to bankruptcy and the law. Summarize.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

Identify cooperative arrangements: franchise and investments.

PERFORMANCE OBJECTIVE

Upon completion of classroom discussion, the student will identify cooperative arrangements: franchise and investments.

INSTRUCTIONAL ACTIVITIES

1. Define franchise - a legal agreement between a parent company and a distributor to sell a product or a service under certain conditions. (franchiser - parent company, franchisee -distributor).
2. Discuss legal agreements such as the payment of an initial fee and a monthly percentage of sales by the franchisee.
3. List the advantages and disadvantages of franchise agreement on board or overhead.
   Advantages:
   1. Help in selecting store site
   2. Exclusive rights to see franchised goods or services
   3. Special training and advise
   4. Advertising

   Disadvantages:
   1. Must pay to use name
   2. Must pay percentage on sales
   3. Must operate business the way franchiser describes
   4. Must sell only products or services allowed by agreement.
4. Discuss other information on franchising such as these:
   1. franchise fastest growing form of business in United States
   2. began with automobile and gasoline companies
   3. two main types of franchise operations
      a. territorial - a whole city or state
      b. operating - one business in a specific area.

INSTRUCTIONAL MATERIAL/RESOURCE

Stull and Hutt. **Marketing: An Introduction,** Chapter 3.

EVALUATION

The student will be able to identify the major concepts of franchises.

COMPETENCY

Identify cooperative arrangements: franchise and investments.

INFORMATION SHEET

A **franchise** is an agreement by which a parent company gives an individual or another small company the right to do business in a standardized manner. The parent company is the **franchiser**. It can be a manufacturer, wholesaler, or service company. The person or company given rights by a franchiser is called the **franchisee**. These rights may include the authority to sell the franchiser's products and to use its name, trademark, and operating procedures. Rights may vary from franchise to franchise.

A franchise combines features of independent retail stores and chain stores. Franchise owners invest their own money in the business, enjoy the profits of success, and accept responsibility for failure. At the same time they are connected with a well-known company that can provide assistance in setting up and operating the business.

COMPETENCY

Identify cooperative arrangements: franchise and investments.

QUESTIONS

1. A legal agreement between a parent company and a distributor to sell a product or a service under certain conditions is a
   a. monopoly.
   b. franchise.
   c. requisition.
   d. cooperative.

2. A disadvantage of a franchise operation is that a(an)
   a. initial fee as well as monthly fees must be paid to the parent company.
   b. franchiser provides credit to the franchisee.
   c. franchisee receives merchandising advice from the franchiser.
   d. franchises need less operating capital at the outset.

Answers

1. b.
2. a.

COMPETENCY

Identify cooperative arrangements: franchise and investments.

INSTRUCTIONAL ACTIVITY

Ten years ago Fred and Chrissie Washington started a small restaurant that sold mostly seafood. The high quality of the food, fair prices, and an attractive dining room caused the business to become very successful. Two years after the first restaurant was opened they opened an identical restaurant in a nearby community, which also was successful. Today the Washingtons have five restaurants, and each is doing well.

They would like to continue opening restaurants in other communities and in other states. However, they know they cannot operate any more restaurants because even now their time is much too limited. For that reason they have been thinking about operating other restaurants under franchise agreements. Both are concerned about franchisees who might not run their restaurants exactly the way the Washingtons do.

Questions to answer.

1. Do you think operating under a franchise type of arrangement will work for the Washingtons? Explain.
2. Is there any way the Washingtons can control the way franchisees will run their restaurants? Explain.
3. What added responsibilities will the Washingtons have in helping the franchisees run their restaurants?

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

Describe the legal forms of retail businesses.

PERFORMANCE OBJECTIVE

Following classroom discussion, the student will be able to list the legal forms of business.

INSTRUCTIONAL ACTIVITIES

1. List and explain the basic forms of legal ownership.
    a. Sole proprietorship
    b. Partnership
    c. Corporation
    d. Cooperative
    e. Franchise
2. Discuss advantages and disadvantages of each type of ownership.
3. Have students complete blank articles of corporations and co-partnership and certificates of incorporation.
4. Ask owner of a local franchise to explain franchise agreements.

INSTRUCTIONAL MATERIALS /RESOURCES

National Center for Research in Vocational Education, PACE, Level 2, Unit 5.
Everard and Burrow. **Business Principles and Management,** Chapter 2.

EVALUATION

The student will list the legal forms of businesses.

COMPETENCY

Describe the legal forms of retail businesses.

INFORMATION SHEET

When one person is the sole owner of a retail business, the form of ownership is known as an **individual proprietorship.** Two or more persons may join together to own a business. This form of ownership is called a **partnership.** When several people want to own a business, they can choose either the partnership form or the corporation form. In the **corporation** form, they obtain ownership by purchasing shares of stock. Since each of these forms of ownership has its advantages and disadvantages, the type of ownership must be selected carefully. Such factors as capital needed, experience of each prospective owner, type of retail business, goods to be handled, tax laws, and the financial risk that each person is willing to take should be considered. Of course, a business may be started as an individual proprietorship and later changed to a partnership or corporation. It may also be started as a partnership or a corporation.

About sixty percent of all retail stores are owned by individual proprietors. About fifteen percent of the retail stores are the partnership form of ownership; and the rest, about twenty-five percent, are the corporate form of ownership. The stores that are proprietorships or partnerships are mostly small stores with sales of $250,000 or less a year. The number of retailers using the corporation form is increasing because it seems best suited for large-scale operations.

COMPETENCY

Describe the legal forms of retail businesses.

QUESTIONS

1. The form of business which is smallest in total number but largest in terms of total sales of goods and services is a

   a. sole proprietorship.
   b. corporation.
   c. partnership.
   d. cooperative.

2. The easiest legal type of business organization to form is a

   a. sole proprietorship.
   b. franchise.
   c. cooperative.
   d. partnership.

Answers

1. b.
2. a.

COMPETENCY

Describe the legal forms of retail businesses.

INSTRUCTIONAL ACTIVITY

Legal responsibilities are a necessary evil of operating a small business. One of the first legal decisions a new owner/operator must make is what form of ownership is best for the new business. There are basically three choices: individual or sole proprietorship, partnership, and corporation.

There are advantages and disadvantages to each form of ownership. Factors such as **capital** needed (money to start and operate a business), experience of the owners, type of business, goods or services to be offered, tax laws, and the financial risk that each person is willing to take need to be carefully considered. It is good to be flexible and many businesses begin as a proprietorship, then move to a partnership, and later expand to a corporation.

1. **Individual Proprietorship** - When a person starts a business with no other person involved in the ownership of the business, it is called an individual or sole proprietorship. An advantage of this form of business is that it is relatively easy to start, given sound capital (money). Another advantage is that the business is managed by one person and business decisions do not have to be shared with other owners. Taxation and government supervision are relatively light. Problems develop in a proprietorship when business success demands expensive expansion and capital is invested already. Because there is only one owner, some business decisions are poor because there has been no opportunity to discuss the matter with other experienced people.

2. **Partnership** - A partenrship is when two or more investors combine to form a legal agreement to do business together. Generally, combined skills result in a more efficient operation. Increased capital enables the business to stock more merchandise, purchase better equipment, and expand the services of the store. In addition, each partner assumes liability for his/her share of the debt, and any portion that another partner cannot pay. This can be avoided by forming a legal **limited partnership** where each limited partner has no voice in the management of the business, but is liable only for the extent of the personal investment. Also, the death of one of the partners causes a complete **liquidation** (dissolving the business). It may be reorganized under a new partnership, but the legal process is time consuming and costly.

3. **Corporation** - A corporation is an artificial being, a legal person in the eyes of the law. A corporation can make contracts, own property, borrow money, and perform other activities necessary to operate a business. A corporation is formed when a group of investors apply to the state in which they are doing business for a **charter** to do business as a corporation. Each investor or **stockholder** is liable for business losses only to the extent of personal investment.

LESSON PLAN FOR SMALL BUSINESS MANAGEMENT

UNIT

ENTREPRENEURSHIP

COMPETENCY

Define and list advantages and disadvantages of small business.

PERFORMANCE OBJECTIVE

Upon completion of classroom instruction, the student will define and identify advantages and disadvantages of a small business.

INSTRUCTIONAL ACTIVITIES

1. Define **small business** - (definitions vary) some variations include:
    a. Employees fewer than 20 persons and do less than $500,000 in business annually.
    b. A type of business which is operated by one or a few individuals and employs less than 100 people.
    c. One that is individually owned and operated and that is not dominant in its field of operation.
2. Have students work in groups of two or three. List the small businesses within the community. Identify them according to type of business and whether they sell goods or services.
3. Have students develop a list of advantages and disadvantages of owning a small business.
4. Invite local small business owners to talk with class about advantages and disadvantages of owning a small business.

INSTRUCTIONAL MATERIALS/ RESOURCES

The National Center for Research in Vocational Education, PACE, Level 3, Unit 1.
Cushman and Dagget. **Retail Merchandising,** 9th edition, Chapter 6.
Everard and Burrow. **Business Principles and Management,** 8th edition, Chapter 1.

EVALUATION

The student will define small business. The student will list advantages and disadvantages of a small business.

COMPETENCY

Define and list advantages and disadvantages of a small business.

INFORMATION SHEET

A **small business** includes:

a. Employees fewer than 20 persons and do less than $500,000 in business annually.
b. A type of business which is operated by one or a few individuals and employ less than 100 people.
c. One that is individually owned and operated and that is not dominant in its field of operation.

Advantages and disadvantages of small businesses:

Advantages	**Disadvantages**
Personal achievement	Loss of personal time
Use of skills	Possibility of failure
Sense of responsibility	Loss of money
Leadership development	Loss of reputation
Opportunity for wealth	Loss of self-confidence
Power/position	

COMPETENCY

Define and list advantages and disadvantages of small business.

QUESTIONS

1. An example of a small business operation is a
   a. "Mom and Pop" grocery store.
   b. fast food restaurant franchise.
   c. national brand manufacturer.
   d. regional retail chain.

2. Advantages of owning a small business include all of the following except
   a. sense of responsibility.
   b. leadership development.
   c. personal wealth.
   d. lack of personal time.

Answers

1. a.
2. d.

COMPETENCY

Define and list advantages and disadvantages of small business.

INSTRUCTIONAL ACTIVITY

Alice Lake has been working for five years as an employee in a television sales and service business where she has had considerable experience in the repair department and some experience in selling. She has decided that she wishes to go into a similar business for herself. Ed Lowery, who owns and manages a similar business, has indicated that he wishes to retire and that his business is for sale.

Questions:

1. Describe and list some of the main points that Alice should consider in making her decision.

2. Should Alice buy the business from Lowrey or establish a new business? Describe the reasons for your choice.

APPENDICES

APPENDIX A

BIBLIOGRAPHY

BIBLIOGRAPHY

Burke, Ronald and Lester R. Bittel. **Introduction to Management Practice.** New York: Gregg - McGraw Hill, Inc., 1981.

Cushman, Ronald and Willard Dagget. **Retail Merchandising.** 8th edition, New York: Fairchild Publishing Co., 1983.

Ditzenberger, Roger and John Kidney. **Selling: Helping Customers Buy.** 2nd edition, Cincinnati: South-Western Publishing Co., 1986.

Everard, Kenneth E. and Jim Burrow. **Business Principles and Management.** 8th edition, Cincinnati: South-Western Publishing Co., 1984.

Felleck, Max. **How to Set Up Your Own Small Business.** Minneapolis: The American Institute of Small Business, 1985.

Gillespie, Karen and Joseph C. Hecht. **Retail Business Management.** 3rd edition, New York: Gregg - McGraw Hill, Inc., 1983.

Hiserodt, Donald. **Human Relations in Marketing.** New York: Gregg - McGraw Hill Book Co., 1975.

Hutt, Roger W. and William A. Stull. **Marketing: An Introduction.** Cincinnati: South-Western Publishing Co., 1986.

Key, Ruth and Ronald Cushman. **Essentials of Retailing.** New York: Fairchild Publishing Co., 1977.

Kossen, Stan. **Creative Selling Today.** 2nd edition, New York: Harper and Row Co., 1982.

Lowry, James R. **Retail Management.** Cincinnati: South-Western Publishing Co., 1983.

Mason, Ralph E., Patricia M. Rath, and Herbert L. Ross. **Marketing Practices and Principles.** 3rd edition, New York: McGraw-Hill Book Co., 1980.

Mathisen, Marilyn. **Apparel and Accessories.** New York: Gregg - McGraw Hill, Inc., 1979.

Office of Vocational Education. **Entrepreneurship Training in Vocational Education.** Columbia, SC: South Carolina Department of Education, 1986.

Vorndran, Barbara S. and Carolyn Litchfield. **General Merchandising Retailing.** New York: Gregg - McGraw Hill, Inc., 1978.

Warmke, Roman F., G. Dean Palmer, and G.A. Nolan. **Marketing in Action.** 8th edition, Cincinnati: South-Western Publishing Co., 1976.

APPENDIX B

DEFINITIONS OF TERMS

DEFINITIONS OF TERMS

A number of terms frequently used in this guide may be unfamiliar to the reader; others may be familiar, but in the context of this handbook have been assigned special meanings.

ADVERTISING.
Paid, nonpersonal communication through various media by business firms, nonprofit organizations, and individuals.

AGENTS AND BROKERS.
Independent wholesaling intermediaries that may or may not take possession of goods, but never take title to them.

BALANCE OF TRADE.
The total value of a nation's exports minus the total value of its imports.

BALANCE SHEET.
Shows what the business owns and what it owes to others.

BASIC STOCK LIST.
A list of goods that should be in stock at all times.

BREAK-EVEN POINT.
Point at which volume of goods sold at a chosen price will equal total cost of production.

BUDGET.
A plan or forecast in which data is presented in numerical form.

CASH RESERVE FUND.
Money readily available to cover any unexpected expenses.

CHAIN OF COMMAND.
The downward flow of authority, responsibility, and channels of communication within an organization.

CHARTER (ARTICLES OF INCORPORATION).
A state issued document legally recognizing the existence of a new corporation.

COMMISSION.
A percentage of the dollar amount of products sold.

CONSUMER BEHAVIOR.
All the acts of individuals in obtaining, using, and disposing of economic goods and services.

CONTROL FUNCTIONS.
The recordkeeping information that produces up-to-date information about the business.

CONTROLLING.
Making sure that all assignments have been carried out according to a set schedule.

CONTROL SYSTEM.
A set of procedures or techniques used to obtain information needed to operate a business successfully.

COUPON.
Sales promotional tool in which a specially marked slip of paper entitles the bearer to a discount on the purchase of a particular product.

DEMOGRAPHICS.
Characteristics such as age, sex, and income level of potential buyers.

DEPRECIATION.
A loss in value of equipment, buildings, or other fairly permanent assets caused by normal wear and aging.

DIRECT MARKETING.
Direct communication, other than personal sales contacts, between buyer and seller.

ELECTRONIC MEDIA.
Radio and television.

EMBARGO.
A legal prohibition by a country against trade of certain goods or within certain countries.

EMPLOYEE BENEFITS (FRINGE BENEFITS).
Extra rewards that retail personnel receive in addition to their regular wages or salaries.

EMPLOYEE DISCOUNTS (REDUCTIONS).
Price reductions given to employees who buy goods.

ENTREPRENEUR.
An individual who uses personal initiative to organize a new business.

FINANCIAL STATEMENT.
Shows the status and progress of a business in dollars and cents.

FIXED CAPITAL.
Money invested in such things as land, buildings, store fixtures, and equipment.

FLAT EXPENSES.
Expenditures that are about the same for every article of merchandise regardless of its cost or retail price.

IMPORTING.
Buying goods or merchandise from a company or government in another country.

INCOME STATEMENT.
Shows the profit and loss for a given operation.

INFLATION.
Rising price level that results in reduced purchasing power for the consumer.

INVENTORY RECORDS.
Shows what merchandise a retailer has in stock.

JOB ANALYSIS.
The systematic study of the characteristics and activities required by specific jobs.

JOB DESCRIPTION.
A summary that gives an employer a clear notion of the type of employee needed.

LEASE.
An agreement for the use of property.

LIQUIDITY.
The ease with which a possession can be sold.

LOSS LEADER.
When a store sells an article at less than cost.

MARKDOWNS.
Reductions from the original retail price.

MARKETING.
Process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that will satisfy individual and organizational objectives.

MARKETING MIX.
A combination of product or service, promotion, place, and price decisions.

MERCHANDISE BREADTH.
The number of merchandise lines carried by a store.

MERCHANDISE DEPTH.
The quantity of a line of goods offered in various colors, sizes, styles, and price ranges.

MERCHANDISE SHORTAGES.
Goods lost because of damage, shoplifting, or pilferage.

MERCHANDISING PLAN.
A set of definite goals for each buying and selling activity which is compiled for a budget.

MODEL STOCK PLAN.
A plan used to divide the stock according to size, color, or any other notable characteristic--used by a retailer when ordering stock.

MOTIVATION.
To provide with a cause, need, or desire to act.

NONPERSONAL SELLING.
Using advertising displaying and sales promotion to attract customers and to inform them about the store.

ONE PRICE POLICY.
On any given day all customers will be charged the same amount for a certain item.

ORGANIZATION.
The way an owner or manager arranges the activities necessary for the successful operation of a retail business.

OVERHEAD.
Expenditures required for operating a store or department.

PERSONAL SELLING.
Direct contact between the customer and the salesperson.

PLANNED MARKUP.
The amount needed to make planned profits as well as to cover expenses and reductions.

PLANNING.
To decide in advance what needs to be done, who will do it, and when it will be accomplished.

POLICY.
Rules under which a retail business operates to set forth definite and uniform rules for all workers.

PRICE-LINE POLICY.
Only a few prices or price lines are set and then applied to many different items.

PRICING STRATEGY.
Market decision making that deals with the methods of setting profitable and justifiable exchange values for goods and services.

PRINTED MEDIA.
Newspapers, magazines, direct mail, and billboards.

PRODUCT LIFE CYCLE.
Four stages through which a successful product passes--introduction, growth, maturity, and decline.

PROMOTION.
The movement of an employee to a new job with more responsibility and authority.

PROMOTIONAL MIX.

The combination of messages and media that a retailer uses to communicate information about merchandise to prospective buyers.

PROXY.

A legal statement empowering someone else to cast one's own vote.

PUBLICITY.

Information about a store or its merchandise provided by public media such as newspaper, television, and radio.

PURCHASE RECORDS.

Show which goods and services have been ordered from suppliers at a certain cost.

PURE RISK.

A risk that refers to the possibility of loss caused by accidental fire, injury, or other damage to property.

QUOTA PLAN.

The store manager sets a definite dollar amount that a salesperson is expected to sell in a given time.

REBATE.

Refund for a portion of the purchase price, usually granted by the product's manufacturer.

SALARIES.

Money paid to employees by the week or the month.

SALES FORECAST.

Estimate of company sales for a specified future period.

SALES PROMOTION.

Function of informing, persuading, and influencing the consumer's purchase decision.

SALES RECORDS.

Show the total dollar amount of sales and the specific items that were sold.

SAMPLE.

A representative group.

SELLING AGENTS.

Independent middlemen who perform entire marketing tasks for firms.

SHOPPING TRAFFIC.

Traffic made up of people interested in buying some merchandise.

STOCKKEEPING UNITS (SKU's).

When merchandise is classified by kind, material, price, color, size, brand, or supplier.

STORE DESIGN.
All of the physical objects of a store, both inside and outside, and how they are combined.

STORE LAYOUT.
The physical arrangement of a store for a business.

SUPERVISORS.
The persons who oversee the work of others.

SUPPLIES.
Regular expense items necessary in the firm's daily operation but not part of the final product.

SYSTEM.
A set of procedures or techniques carried out by people or equipment necessary to accomplish a given purpose.

TARIFF.
A special tax on imported goods usually imposed to protect domestic producers from lower priced foreign products.

TOP-DOWN PLANNING.
The overall goals for stock, sales, expenses, and other figures are established at the store level and then subdivided into divisions, departments, and various other merchandise classifications.

TRADEMARK.
A brand that is protected by law.

TRANSFER.
The relocation of an employee to another job at about the same level of responsibility.

VARIABLE EXPENSES.
Expenditures which are different for each type of goods.

WORKING CAPITAL.
Money available to buy merchandise for resale and to cover operating expenses.

311